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ABSTRACT

Based on interviews, research workshops, and discussions with corporate executives throughout the United States, this study investigated increased diversity in family structure and its impact on corporate personnel policies, employee benefits and services, and the attitudes of management. Part I provides a backdrop of recent trends in the family composition of the work force; an overview of companies particularly receptive to family-suppportive programs; and some general observations about how changes in corporate policies are initiated, implemented and evaluated. Part II focuses on personnel policies, benefits and services: how they are being affected by new labor-force constituencies; how some are becoming more family supportive; and how employers are reacting to these trends. The study findings suggest that family-supportive human resource programs are more likely to be adopted by companies that have relatively high proportions of young, female, technically skilled, and/or nonunion workers, and firms that reflect a family origin, a consumer orientation, or a strong sense of social responsibility. In most situations, corporate motives for responding to the family needs of workers tend to be more pragmatic than philosophical. A majority of the new programs and services currently being offered by corporations appear to have found only limited application within their host firms. (RH)

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Corporations and Families: Changing Practices and Perspectives

by Helen Axel

A Research Report from The Conference Board

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Highlights

RECENT CHANGES in the social structure and work experiences of families have altered the relationships between work and family life. Traditional two-parent, single-earner families, and extended families living in clusters among relatives, are comparatively fewer in number today. But dual-earner couples, single parents, unmarried couples, and other working households have become more prevalent.

Discussions with human-resource executives leave little doubt that new patterns in family structure and work-family relationships are having a profound impact on corporate personnel policies and practices. Concurrently with these events, and sometimes because of them, companies are beginning to experiment with a number of innovative personnel practices that make it easier for employees to manage their work and family lives more effectively. Their experiences are varied. Almost all of the personnel officers in the study report that their firms offer some flexibility in work scheduling and time off; very few have experimented with job sharing and work-at-home arrangements. Flexible benefits and child-care assistance programs appear to be areas of growing interest—but ones in which few companies have had extensive experience. Policies dealing with nepotism, relocation and retirement are also in various stages of transition, reflecting changes in work-force demographics and employee expectations.

The study findings suggest that family-supportive human-resource programs are more likely to be adopted by companies that have relatively high proportions of young, female, technically skilled, and/or nonunion workers, as well as in firms that reflect a family origin, a consumer orientation, or a strong sense of social responsibility. In most situations, corporate motives for responding to the family needs of workers tend to be more pragmatic than philosophical: The focus is on solving specific problems at the workplace that are perceived as having an adverse impact on worker productivity or on a firm's competitive edge.

Organization of This Report

Part I provides a backdrop of recent trends in the family composition of the work force; an overview of companies particularly receptive to family-supportive programs; and some general observations about how changes in corporate policies are initiated, implemented and evaluated.

Part II focuses on personnel policies, benefits and services—how they are being affected by new labor-force constituencies; how some are becoming more family supportive; and how employers are reacting to these trends.

A majority of the new programs and services currently offered by corporations appear to have found only limited application within their host firms. Many are available only to office workers, a few departments or a single geographic location. Others (like adoption assistance and paternity leaves) are programs that are expected to have little use. Nonetheless, the combined experiences of the companies in this study seem noticeably innovative when they are matched against the results of more comprehensive surveys about corporate personnel practices and benefits.

Sources of Information

Information for this report was gathered from discussions with corporate human-resource professionals—in seminar settings, in-depth interviews, and informal conversations. Four research workshops, held in different cities, involved 73 corporate executives from major U.S. corporations. Invitations were sent to senior human-resource professionals at selected companies, representing a mix of industries and located within a reasonable distance of the meeting sites. In addition to the research seminars, interviews were held

with executives in 20 corporations. Material from The Conference Board's Work and Family Information Center's data files served to enrich the findings further.

The corporate executives who attend the seminars or who were interviewed had responsibility for planning or implementing personnel policies and programs within their firms. The overwhelming majority were from corporations that employed more than 10,000 workers. Somewhat over half of the companies represented by these officials were in manufacturing (many in hi-tech firms), with the remainder primarily in the banking and insurance industries.

The meetings and interviews were designed to examine corporate experiences with a wide range of personnel policies and practices relating to families. Company officials who participated in the study were also invited to comment on how changes in family structure were affecting corporate policies, and what role corporations should play in helping employees manage their work and family responsibilities.

Since the majority of study participants were self-selected from invitational lists, and since others were chosen for interviews because their firms were known to have experience with innovative programs, the views presented in this report cannot be considered representative of the corporate community. The practices and perceptions described are those of a group of very large and, quite possibly, unusually responsive corporations.

Why This Report

TODAY'S BUSINESSES function in a volatile social and economic environment. While attention has focused on issues such as structural changes in the economy, increased foreign competition, shifts in regulatory policy, etc., there are also profound social and demographic changes taking place. These latter changes may be more gradual (and possibly more predictable), but they are no less significant in their impact on business fortunes. They influence product design and marketing strategies, employer-employee relationships and, ultimately, worker productivity. This study focuses on one of the most significant of these social changes—the growing diversity in family structure and its impact on personnel policies, employee benefits and services, and on the attitudes of management itself.

The report is based on interviews and discussions with corporate executives throughout the United States. A grant from the Office of Human Development Services, U.S. Department of Health and Human Services, provided the initial impetus for this research. The Board is indebted for this support. The study was carried out within the Board's Work and Family Information Center, a research and information service funded in part by the Carnegie Corporation of New York.

JAMES T. MILLS
President

Part I:
Corporations and Families: An Overview

Chapter 1
A New Look at Families at the Workplace

MYTHS AND TRADITIONS have a way of lingering. A group of chief executives who attended a recent Harvard Business School seminar apparently still cherish some old-fashioned notions of work and family, according to a senior official who was one of the participants. Asked to characterize the family patterns of their employees, the executives guessed that at least two-fifths (some said almost three-fourths) were married men whose wives did not work. While some companies—and possibly a few industries—may have more employees from "traditional" families, the relative size of the single-earner, married-couple population suggested by these CEO's does not even come close to the one-in-ten ratio registered nationwide.

Assumptions about the predominance of traditional families have been passé for several decades. In fact, at no time since World War II has what may be called the "typical American family" (defined as an employed husband with a nonworking wife and one or more children at home) been truly representative of all families—or even of all married couples. But many, within the business community and elsewhere, still harbor memories of days when demographic and social changes were gradual, traditions were secure, and, explicitly or tacitly, responsibilities for earning a living and for homemaking were assigned to different members of the family unit.

Although families have been in a state of transition for a number of decades, the effects were only rarely recognized at the workplace until recently. Workers and their families were generally expected to cope with often-conflicting responsibilities at home and on the job without help from their employers. The "organization man" of the 1950's was assumed to leave his personal baggage at home when he set out for work each day; his family life was expected to conform to the demands of his job.

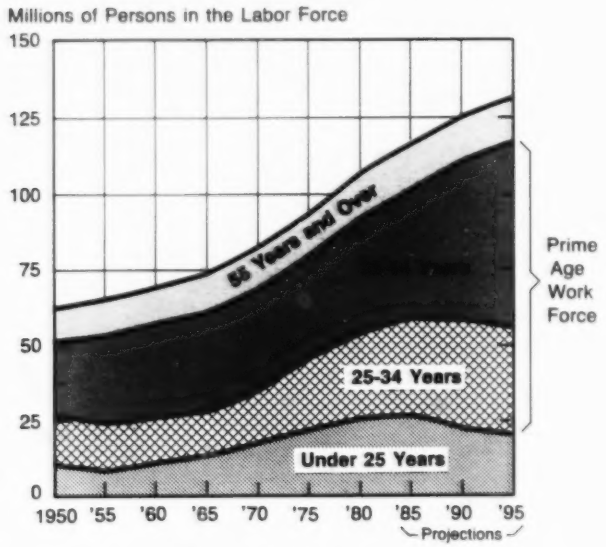
In the last decade or so, the business community has become increasingly sensitive to the new demographics of the work force. This awareness, brought into sharp focus with the maturing of the "baby-boom" generation and accompanying changes in attitudes toward work, has significantly altered work-family and employer-employee relationships. Not only do today's workers come from different kinds of family units (that are often unwilling—or unable—to be the silent, compliant support systems families once were), but workers themselves are said to be more reluctant to subordinate their personal lives to their jobs. As employers come to recognize the challenges that the new environment poses to traditional company policies, many are taking steps to address these issues.

Despite this growing sensitivity, however, systematic changes in personnel practices are usually found to be motivated by specific business needs, rather than by a general concern for the personal lives and family obligations of workers. As problems crop up at the workplace—such as difficulties in recruiting and retaining employees, deteriorating labor-management relations, soaring benefit costs, inefficient use of company facilities, or even commuting bottlenecks—company policies are reviewed and modified in an attempt to solve them.

Although some of these problems may be family related, it is their impact at the workplace, rather than the work-family conflict itself, that is being addressed by employers. In tackling the issue of absenteeism or tardiness, for example, employers may respond by making adjustments to work schedules. Greater flexibility, they then discover, helps to alleviate conflicts with employees' family responsibilities. Or a company may modify its relocation policy because officials note that a growing number of employees are reluctant to move. As they review the problem, they learn that an employee is concerned about a working spouse's job or the need to care for aging relatives. The common element shared by these symptoms, as perceived by management, is an economic one: Family problems that become workplace problems are seen as threats to the company's competitiveness and profitability. While a sensitivity to family issues may also be present, no company is likely to ignore its bottom line.

Chart 1.

The Working Population: Shifting Age Groups, 1950-1995



Source: Bureau of Labor Statistics, U.S. Department of Labor

Demographic Aspects of Change

A quarter of a century has passed since married men constituted a comfortable majority within the U.S. working population. The notion of a stable and separate relationship between work and family life has been perpetuated, however, by men in traditional family situations who continue to hold on to the more visible and influential jobs in the labor market. Today, intact families are far less common. More and more family members—particularly women who are wives, mothers and single parents—have become economically active. And, despite the fact that men in their 50's and 60's probably still constitute the majority of top executives in business, a younger generation is moving into these leadership roles—a trend that is certain to affect top-management perspectives toward families and work.

World War II and the population surge that came in its aftermath marked a major turning point in the demographic and social characteristics of the U.S. work force. The dramatic shifts that had begun to show up in the gender and marital components, however, had relatively little early impact on the overall profile of the labor force throughout the 1950's and most of the 1960's because numerical increments remained small. It was not until the end of the 1960's that the cumulative effect of these changes began to make a real difference in the family composition of the labor force. The baby-boom generation of the post-World War II years, then reaching working age, served to hasten the changes already under way.

The Youth Explosion

Labor-force growth during the 1960's and 1970's can, to a large extent, be attributed to the abnormally high birth rates of the immediate post-World War II era.[1] A sizable young-adult population began to reach working age in the mid-1960's, and continued to stimulate labor-force growth for the next decade or so (Chart 1). Between 1965 and 1975, the under-25 population was responsible for somewhat under half of the total increase in the work force. Their sheer numbers, in contrast to the very small generation of the 1930's, caused a dramatic downward shift in the age distribution of the working population.

Although they are no longer teenagers and most have moved up from entry-level jobs, the individuals who comprise this population bulge are still relatively young. As a group, they are better educated and, some say, more outspoken than their elders. Because of their considerable numbers, the perspectives that workers of this generation bring to their jobs are having a major impact on the working environment as they move into positions of increasing responsibility.

More Women Working

It is no secret that women have been the dominant component of labor-force growth during the past 30-odd years. For every two men added to the working population since 1950, three women found jobs or were actively seeking work. Over the past three decades, the female labor force netted an increase of close to a million workers each year, with the result that 50 million women are now working—more than two-and-a-half times the number in 1950, and at least half again as many as in 1970. This rapid growth has resulted in a significant "feminizing" of the work force: Women, who accounted for less than a third of all workers 30 years ago, now constitute considerably more than two-fifths (Chart 2). In another ten years, according to the U.S. Department of Labor, the labor force will be almost equally divided between men and women.

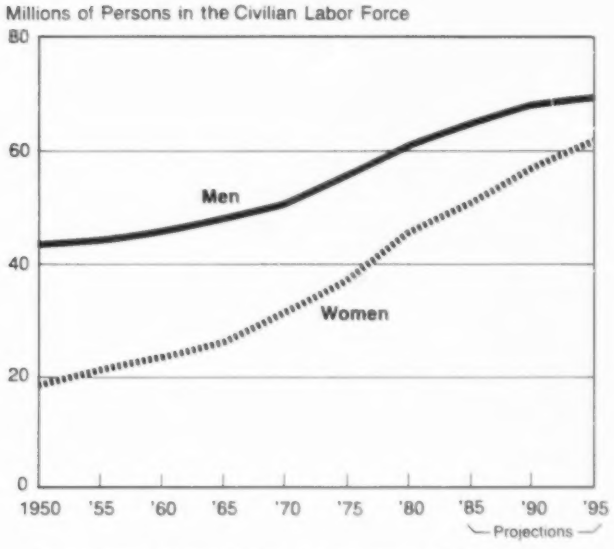
The disparity in growth between working men and women is the result of changes in labor-force participation rates (the percentage of workers in specified populations). In the years prior to World War II, labor-force trends largely reflected population movements, since the proportions of people working at various ages changed very little. In recent decades, however, labor-force participation rates have not been stable for either sex: For different reasons, they have moved in different directions for men and women.

Population growth accounts for all of the numerical strength in the male labor force, where new entries continue to be concentrated among the young. But the impact of

[1] The baby-boom years stretch from 1947 to 1964, a period when a total of 74 million babies were born in the United States. The peak years of the boom, 1957-1961, produced an annual crop of 4.3 million infants—a birth level not reached since, despite the fact that there are more than half again as many women of childbearing age now as in 1960.

Chart 2.

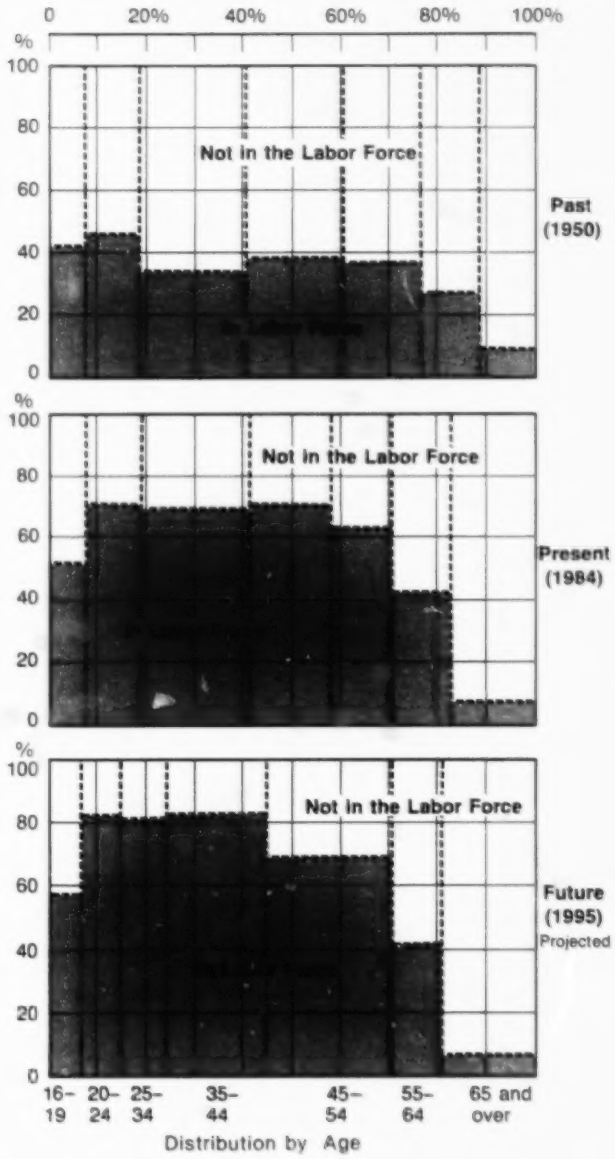
Narrowing the Gender Gap in the Labor Force



Source: Bureau of Labor Statistics, U.S. Department of Labor

Chart 3.

Distribution of the Female Population by Age and Labor Force



Source: Bureau of Labor Statistics, U.S. Department of Labor

this sizable infusion of young men into the work force has been muted by a decline in the overall proportion of males who have jobs—or want them. Despite the fact that well over 90 percent of men aged 25-54 continue to be economically active, fewer men—either by choice or persuasion—are working beyond their early 60's. The effect on the aggregate participation rate has been dramatic: The male worker-to-population ratio, at a record low 76 percent in 1984 was a full ten percentage points below its 1950 level.

The baby-boom generation also produced a burst of growth in the female work force during the 1960's and 1970's. But the youth influx was responsible for a much smaller share of the net gain among female workers, because growth was not limited to this one age segment as it was for men. Motivated by the desire for income, careers or both, women of all ages had begun to rethink their work and family commitments. The early changes occurred among older women (Chart 3). The majority of women who were drawn into the labor force were married, in the 25-plus age groups, and had school-age or grown children. Some were taking jobs for the first time; others were returning to work after a considerable absence. Between 1950 and 1970, working wives constituted the most dynamic segment of the female labor force, accounting for three-fourths of the net increase in women workers during this period.

Since the early 1970's, however, women without husbands have become the largest growth segment of the female labor force, due to changes in age distribution and marital patterns. Fewer women of the maturing baby-boom generation have chosen to leave their jobs for early marriage and childbearing, and those who marry are less likely to form lasting relationships. Divorce and separation have also become more prevalent among older women. Women who were formerly married total more than half the growth among women workers since 1970.

In aggregate, over the entire post-World War II period, the proportion of women at work rose sharply in almost every age category, and the percentages nearly doubled

Households and Families Defined

According to Census Bureau definitions, households and families are distinguished by the presence (or absence) of relationships among members. A household is composed of all persons, whether related or not, who occupy a housing unit (defined as living quarters that have separate entrances and/or cooking facilities not shared with other units in the structure). A household may be a group of persons or a single person living alone. A family, on the other hand, always consists of two or more persons who, in addition, must be related by blood, marriage or adoption.

The principal reference person in a household or family must be one of the persons in whose name the housing unit is owned or rented. Prior to 1980, this person was referred to as the household or family "head," and was always the husband in married-couple situations. Since 1980, the term "head" has been changed to "householder," and may designate either the husband or wife in a couple household. Over 2 million wives living with their husbands were listed as householders in 1984.

Households may be further classified as "family households" and "nonfamily" households. A "family household" refers to the primary family unit plus any related persons living with that family. Although the number of families and family households is identical, the average size of a family household is slightly larger. "Nonfamily households" consist of persons who reside alone or with nonrelatives only. Individuals who are living with others—but are not householders or related to the householder—may be guests, roomers, boarders or resident employees. If they are single persons, they are referred to as "secondary individuals"; if they are in related groups, they are said to belong to "subfamilies."

In 1984, the counts for these Census designations were:

Households—85,407,000
Families/Family Households—61,997,000
Married-couple Families—50,090,000
Unrelated Subfamilies—504,000
Secondary Individuals—6,087,000

for the traditionally less active 25-to-44 ages. As of 1984, 54 percent of all women were working, compared with only 34 percent in 1950.

Women's attachment to the labor force now varies measurably less with age and marital status, and more closely approximates the pattern for men. As the work patterns of men and women converge, increases in female labor-force participation rates can be expected to slow down. Nonetheless, the Department of Labor estimates that three-fifths of all women will be working by 1995.

. . . *And Working Longer*

Current labor-force studies show that not only are there more women at work than ever before, but they are inclined to spend a much longer period of their adult lives in the work force than their mothers and grandmothers did.[2]

At the turn of the century, women, on average, could expect to be "gainfully employed" for only about six years of their lives. The economically active period of a woman's life had increased to about 15 years in 1950, and by 1977 (the latest year for which worklife data are available), women could expect to average almost 28 years—or more than a third of a lifetime—in the labor force (Chart 4).

Although male-female work histories do not take into account differences in working hours (lower for women), they do measure trends in separations and reentries. Intermittent work patterns, typical for both men and women in their early working years, are more prevalent among women and last for a longer period of their lives. Recent data on job tenure suggest that women and men experience similar periods of employment up until age 30, but the difference in tenure widens in later years. However, women under 55 now show less of a tendency to leave the labor force, and those who go stay away for shorter periods of time. Women can now be expected to spend about 70 percent as many years working as men.

. . . *With Better Access to Better Jobs*

There appears to be little doubt that improved educational and employment opportunities for women have increased their presence in upscale management and professional positions. While equal opportunity proponents may argue that the proportion of well-paid, decision-making jobs going to women is still not what it should be, notable progress has been achieved in many sectors of the economy.

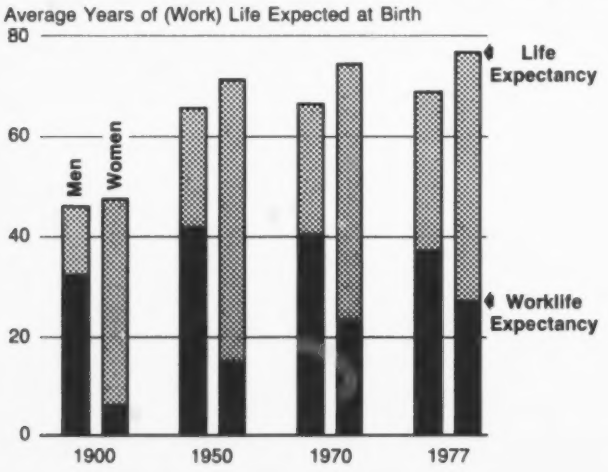
A 1978 Conference Board report examined changes in the proportion of women in various occupational categories by industry within the "corporate" sector of the economy.[3] The study found that women's progress into more prominent positions between 1970 and 1975 appeared to be, at least in part, a function of the relative number of women in that industry. More specifically, women in female-intensive industries (such as banking and retailing) were found to have secured a larger share of professional and management jobs—quite possibly because they were well represented

[2] Shirley J. Smith, "New Worklife Estimates Reflect Changing Profile of the Labor Force" *Monthly Labor Review*, March, 1982.

[3] Ruth Gilbert Schaeffer and Helen Axel, *Improving Job Opportunities for Women: A Chartbook Focusing on Progress in Business*. The Conference Board, Report No. 744, 1978. The corporate sector includes manufacturing, trade, public utilities, construction, mining and finance, insurance and real estate.

Chart 4.

Lifetime Work Patterns for Men and Women

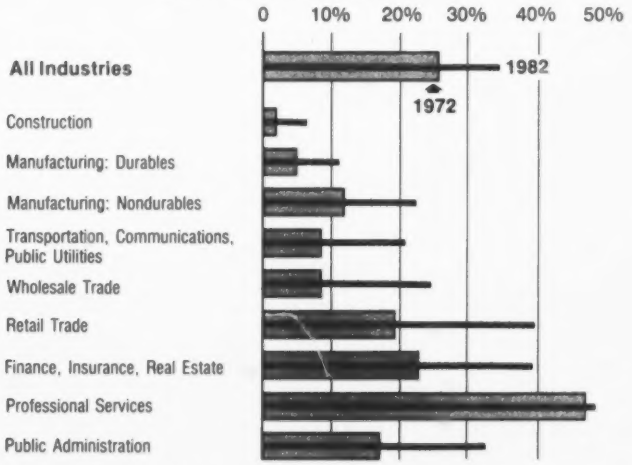


Source: Bureau of Labor Statistics, U.S. Department of Labor

Chart 5.

More Women in Managerial and Professional Occupations

The Proportion of Women Working Year-Round, Full-Time Schedules, Selected Industries



Note: Proportions are likely to be understated in 1982, due to change in occupational classifications.

Source: Bureau of the Census, U.S. Department of Commerce

in other occupations within these industries. By contrast, statistically measurable numbers of women could not be counted among the executive ranks in industries such as gas and electric utilities, primary metals manufacturing, or mining and construction, because few jobs of any type went to women in these industries.

While the Conference Board study examined conditions as they changed over a rather brief period of time, Census Bureau survey data for that period and for later years confirm that the trends observed were not an aberration. The representation of women continues to improve in a number of skilled professional, technical and management jobs, and these improvements continue to be particularly apparent in female-intensive industries (Chart 5). Comparing data for jobs at different income levels within industries would seem to confirm that women hold a still small, but gradually increasing, share of responsible jobs in business and industry. All but a few of the top-echelon, top-income jobs, however, are still held by men.[4]

Although work-family concerns are not only "women's issues," they are often perceived as such by some in the business community. Most certainly, as women achieve higher status jobs in the business world, it becomes more difficult for men and women to disregard the close interrelationship between work and family life. It may be no coincidence that many of the so-called family-oriented changes that are taking place in corporations often show up first in industries that have higher concentrations of women—and noticeable numbers of them in executive positions.

Changes in Family Structure

The shift in the age composition of workers, as well as the movement of women into the labor force, their inclination to stay there longer, and their progress up the organizational ladder, have been taking place at the same time that U.S. families have been undergoing a major restructuring. While the trends are not unrelated, a clear-cut cause-and-effect relationship is difficult to pinpoint. It has been suggested, for example, that women's greater financial independence has contributed to a growing diversity in family structure. It has also been said that more women are working because reduced family cohesion places a greater burden upon them to support others. It has been further argued that the "new values" of today's young-adult population have been largely responsible for the widespread acceptance of pluralism in our society—a pluralism that has encouraged variety in family structures and in life-styles, and has muted the once well-defined roles of men and women.

Whatever reasons came first, or what impact other factors may have had, the evidence of change is apparent: Marriages occur later, and are less likely to be lifelong

[4] The Census Bureau counted only 40,000 women nationwide who held full-time jobs and earned at least $75,000 in 1982—less than 5 percent of all full-time workers in that earnings bracket. Fewer than half of these women held jobs in "corporate-sector" industries. Bureau of the Census, U.S. Department of Commerce, *Money Income of Households, Families and Persons in the United States: 1982.* Current Population Reports, Series P-60, No. 142. Washington, D.C.: U.S. Government Printing Office, 1984.

Watch Your Nomenclature!

(Or, How Not To Be Misled When Tracking Demographic Trends)

It is often said that statistics can be produced to prove or disprove almost anything. Special-interest advocates, among others, have long cultivated the subtle art of presenting data selectively in order to justify their particular positions—or to undermine those of the opposition. Sometimes, however, errors are unintentional. The Census Bureau, like other government agencies producing volumes of numbers, supplies serious users with statistical information about the population in detail that is indispensable for elaborate demographic analyses, but certain nuances may be overlooked in a casual excursion.

The Census Bureau's 1983 population snapshot dealing with work and family characteristics illustrates the range of definitions (and the hazards) that data users face.

(1) *"Working Couples"*—Among the variations in married couples, the Census Bureau counts:

—26 million couples with work experience (both spouses held jobs at some time during 1982);
—25 million couples with earnings (both partners had paying jobs from which they received earnings in 1982);
—23 million couples in the labor force (husband and wife were both working or looking for work at the time they were surveyed);
—20 million couples employed (both spouses held jobs at the time of the survey);
—10 million couples working full time (husband and wife each worked at least 35 hours per week throughout 1982);
—3 million couples in "career" jobs (when surveyed, each spouse was employed in a professional, managerial or technical specialty).

(2) *"Working Mothers"*—The data show:

—19 million women, with "own" children under 18 years, in the labor force (17 million of these women actually held jobs);
—14 million married women, husbands present, own children under 18, in the labor force (13 million employed);
—8 million women, own children under 6, in the labor force (6 million employed);
—6 million women maintaining families, related children under 18 present, employment status not specified;
—4 million women maintaining families, own children under 18, in the labor force (3 million employed).

(3) *"Children of Working Parents"*—All children under 18 years living in families include:

—53 million with one or both parents in the labor force;
—31 million with mothers in the labor force;
—28 million with one parent in the labor force;
—24 million with both parents in the labor force;
—8 million in single-parent homes, with parent in the labor force;
—7 million in families maintained by women, mother in the labor force;
—Less than 1 million in families maintained by men, father in the labor force.

attachments; births are later still, and there are fewer of them; couples often choose to live together without the customary legal bonds; one parent is more likely to raise children alone; children can expect to have mothers who work; and older people, with longer life expectancies, are often alone in their later years, and dependent on busy middle-aged relatives for their care and support.

As of 1984, there were 85 million households in the United States. Of these, less than three-fifths were married couples—a ratio that has dropped steadily since the end of World War II, when husband-wife families accounted for almost four out of five households (Chart 6). Although the total household population has grown by 22 million since 1970, the number of couples increased only marginally, registering a gain of only 5 million (on a base of 45 million) over a 14-year period. Much more rapid growth has occurred among other types of households. Families maintained by persons without spouses and nonfamily units (most notably persons living alone) have both doubled in number since 1970. As a result, there are now 5 million more single-parent and other "noncouple" families, and 11 million additional householders who do not live with relatives.

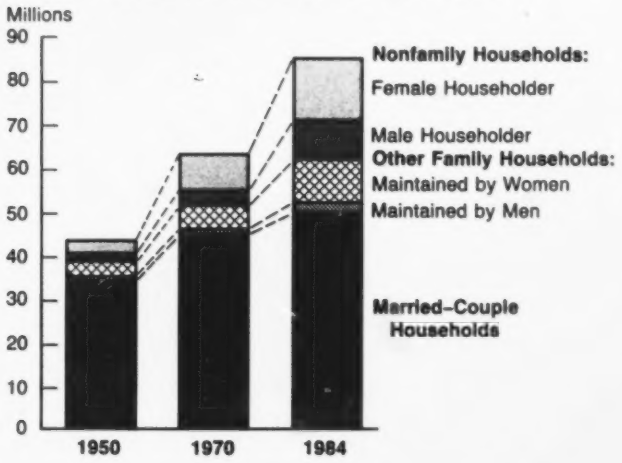
Impact at the Workplace—New Constituencies in a New Environment

The 1984 labor force, 112 million men and women, mirrors today's complex array of marital and family situations. Corporate executives need only look at their own workers' profiles to confirm this diversity. Such variation in family situations, combined with new perspectives from a younger work force, have an inevitable impact at the workplace. Workers' family circumstances may restrict their employment and work-schedule options, or may affect their attendance and performance on the job.

Not only are employers dealing with new family constituencies among their employees, they are also faced with adapting their organizations to a changing work environment. The economy has been buffeted by several severe

Chart 6.

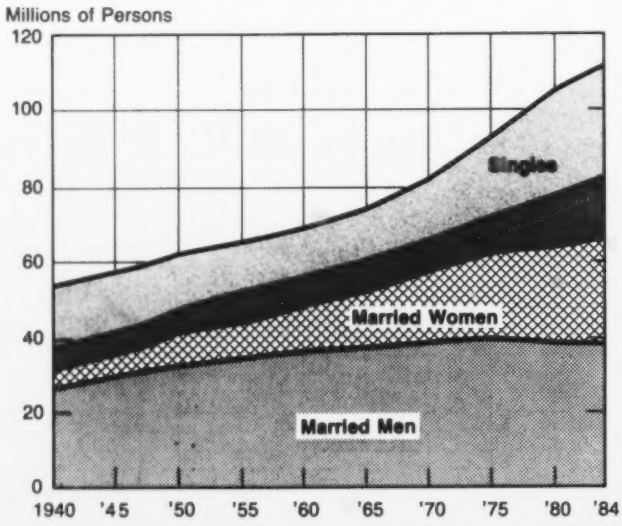
Households: Then and Now



Source: Bureau of the Census, U.S. Department of Commerce

Chart 7.

The Diminishing Proportion of Married Men in the Labor Force



▲ Includes Separations

Source: Bureau of Labor Statistics, U.S. Department of Labor

recessions in recent years. These, in turn, have served to accelerate longer-term technological changes and have obliged companies to rethink their management and organizational strategies.

New Labor Force Constituencies

Workers can be broadly classified according to their marital status: 40 million married men, 27 million married women, 16 million formerly marrieds (predominantly women), and 29 million singles (mostly men). Labor-force trends shown in Chart 7 indicate the relative growth of these segments. By themselves, however, the categories do not adequately define the new labor-force constituencies. For example, although married men still comprise the largest marital component in the labor force, they are far from a monolithic group. Their circumstances and attitudes are significantly affected by their wives' working status, as well as by age, education and occupation. A closer look at some of the nuances underscores the importance of demographics at the workplace, and helps to explain why work and family responsibilities have become so inextricably intertwined.

Working Couples

More than two-fifths of the work force—47 million persons—are spouses in working-couple households.[1] Fewer than 12 million married men today provide the sole support for their families. In 1960, the 20 million males who were solitary breadwinners in their families still outnumbered husbands with working wives by a comfortable margin.

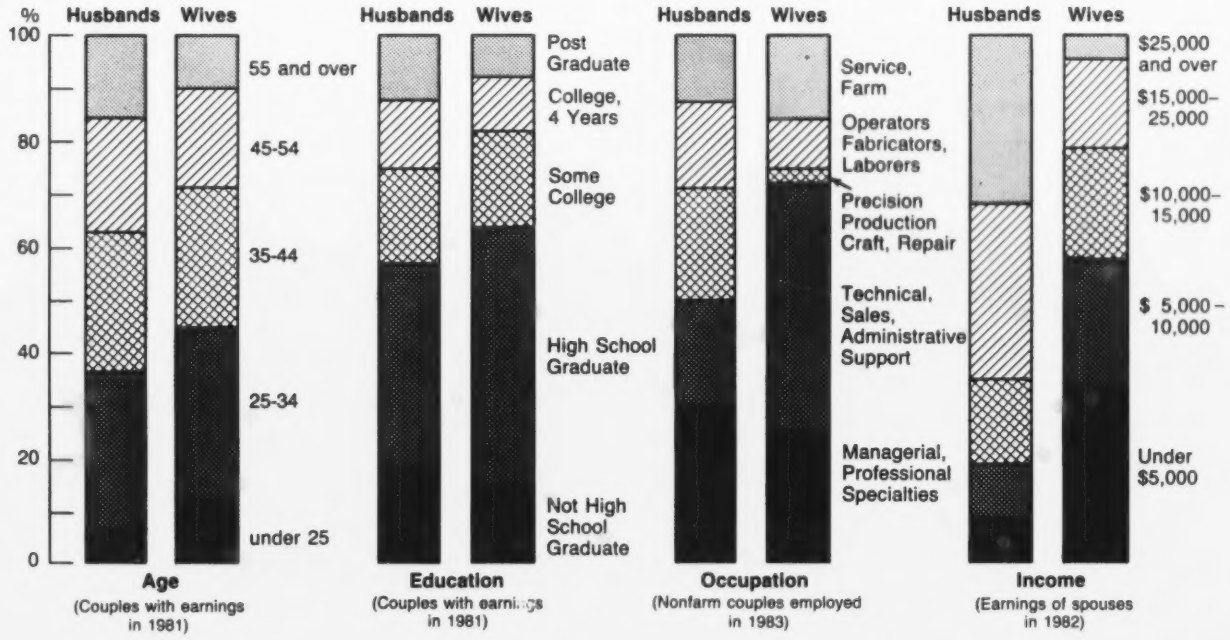
Despite the media attention lavished on career couples, the majority of all working couples hold jobs that are considered "traditional" for their sexes: Paired situations involving managerial, professional, skilled craft or production jobs for men, and nonprofessional, white-collar occupations for women, are typical employment patterns for working couples (Chart 8). (Women in factory jobs, once commonplace, are fewer in number and are usually concentrated in certain types of industries, such as apparel manufacture and small assembly work.) For the majority of working couples in traditional occupations, jobs are sought not so much to satisfy career aspirations as they are to improve the family's living standard—or simply to make ends meet.

Most husbands of working wives continue to be the top earners in their families: On average, they bring home more than double what their wives make. Married women are typically at an economic disadvantage because of the jobs they hold and, to a lesser extent, the lower average number of hours they work. According to current Census Bureau estimates, however, about one-sixth of all wives in working-couple families earn higher salaries than their husbands. These women tend to be relatively young, well-educated professionals, whose husbands have lesser credentials or work fewer hours than they do. Some of these wives, however, are primary earners because their husbands' incomes reflect a period of unemployment or forced reduction in working hours. (An additional small fraction of working wives have husbands who are retired or unable to work).

[1] To be consistent with other figures cited in this section, working couples are defined by their current labor-force status. See box, p. 6, for other definitions.

Chart 8.

Profile of Working Couples



Source: Bureau of the Census, U.S. Department of Commerce

"Two-Career" Couples

Professional working couples are far less prevalent than couples with two paychecks. However, while "two-career" couples constitute only a fifth of all working couples and, as individuals, a mere 6 percent of the total labor force, they represent a rapidly growing and already significant segment of the working population. In 1983, 3.3 million couples consisted of spouses who both held positions as executives, professionals or technicians. The 1960 Census counted only 900,000 dual-career couples.

The modest size of this group belies the visibility that career couples have in the business world, and the influence that they may exert on the personnel policies and practices of their employers. Working couples have long been prevalent in factories and offices, but it is their recent appearance in management circles that has attracted the attention of corporate executives and, in many companies, stimulated a business interest in easing potential work-family conflicts.

Working Parents—Paired and Solo

Close to two out of every five workers are parents whose children still live at home (Chart 9). While the majority of working parents are married, about 5 million mothers and 700,000 fathers in the labor force are single parents. All told, nearly three out of five mothers—almost 20 million—are working. Although the labor-force participation of mothers with older children is higher, even mothers with children under six are now more likely to be at work than not.

From a child's perspective, the picture is equally compelling: Well over half of all children under 18 have mothers who work, and one child in five lives with only one parent—usually, but not always, a working parent. The proportions are not significantly lower for young children. As recently as 1970, the situation was quite different: A solid majority of children had mothers who were homemakers, and proportionately half as many children as today were in one-parent households.

Delayed childbearing will undoubtedly have a lasting impact on family size. It may also reduce the proportion of women who become mothers. However, current surveys indicate that the vast majority of women expect to bear children eventually, and the recent upswing in fertility rates among women in their early thirties would seem to bear out this intention. Although lifetime birth expectations of women 18-34 years in the labor force are lower than those of women who do not work, current survey data show that all but 13 percent expect to have children.[6]

Singles: People Without (Legal) Partners

Today's single workers—those who have never married—are no longer just teenagers or aging spinsters and bachelors.

[6] Bureau of the Census, U.S. Department of Commerce, *Fertility of American Women: June, 1983.* Current Population Reports, Series P-20, No. 395. Washington, DC: U.S. Government Printing Office, 1984.

Who Are The Dependents?

Dependents are usually thought of as children, and most of them probably are. The 1983 household survey conducted by the Census Bureau counted 62 million persons under 18 years of age, almost all of whom live in families. All but 4.5 million are "own children"—that is, the natural, adopted or stepchildren of the family householder. These children are distinguished from "related children" who, in addition, also include grandchildren, nieces, nephews, cousins and other relatives of the householder who are in the under-18 age category.

Although the Internal Revenue Service may continue to look upon adult children as dependents as long as they receive their principal support from the taxpayer, they cease to be counted as "children" after they reach 18, according to most Census Bureau statistics that characterize families. (Insurance companies seem to prefer 19 as the age cutoff.) But none of these arbitrary age limitations is appropriate in all situations. In 1983, for example, 22 million persons over age 18 were living with their parents. Of these, 16 million were between the ages of 18 and 24; 4 million were in the 25-to-34 age group; and 2 million were 35 years of age or older. Somewhat over 10 percent of the adult children belonged to subfamilies, and had spouses and/or children living with them in their parents' home. The economic contribution or dependence of these adult children is not specified.

Available statistics count 29 million individuals over the age of three years who have speech, hearing, motor and mental impairments. According to the Department of Health and Human Services, some 2.5 to 3.5 million of this group are afflicted with chronic disabilities acquired before they reached age 22.[1] It is estimated that well over half of this latter population have only a limited capacity for independent living, more than three-fourths are deficient in learning capacity, and over 90 percent are limited in their ability to be economically self-sufficient. Many of these persons live with, and are supported by, working families.

An additional sizable number of persons are financially supported by others during long periods of their adult lives. Close to 23 million wives, for example, are currently not in the labor force—although many are caregivers themselves as mothers of young children. Other nonemployed adults are persons who have become disabled because of accidents or illness; who lack skills or education for available jobs; or who are in areas of chronic unemployment.

A final category of potential dependents are the elderly. While most persons over 65 maintain their own households, an estimated 159,000 reside with their grown children, and an uncounted number depend on children and nearby relatives for care, attention and financial support. During the next 20 years, the number of elderly persons relative to the generation 25 years younger (comparable to a parent-child age relationship) is expected to decline, reaching a low by the year 2005 when a relatively small aged population will be supported by a very large group of middle-aged persons.[2] Following that period, the "familial dependency ratio" will move in the opposite direction because the baby boomers, who have fewer offspring, will be approaching old age. Barring an unforeseen event, the ratio will reach a peak in 2025—the year in which, in relative terms, the smallest number of middle-aged children will be supporting the largest group of elderly persons.

Several other comparisons between today's and future aging populations are worth noting. Today's family spans three-to-four generations; by the end of the century most families will include four generations. What is happening is that a significant number of people are living into their 80's and 90's, so that the number of two-generation elderly is increasing. Persons of extreme old age will be relying on children who are themselves "old." In addition, because of lower fertility, older persons will have fewer relatives, whether of their own age or younger. In the early 1980's, an estimated 78 percent of all women over the age of 65 had at least one living child. While this proportion is likely to increase in the near term, relatively fewer women than now who are in these age groups are likely to have living offspring in 2025. These estimates have far-reaching implications: A smaller family-support system in the future will mean fewer companions, and fewer caregivers for the elderly.

[1] The Futures Group, *Social Services in the Year 2000*. Washington, DC: The Futures Group, November, 1984.

[2] Bureau of the Census, U.S. Department of Commerce, *Demographic and Socioeconomic Aspects of Aging in the United States*. Current Population Reports, Series P-23, No. 138. Washington, DC: U.S. Government Printing Office, 1984.

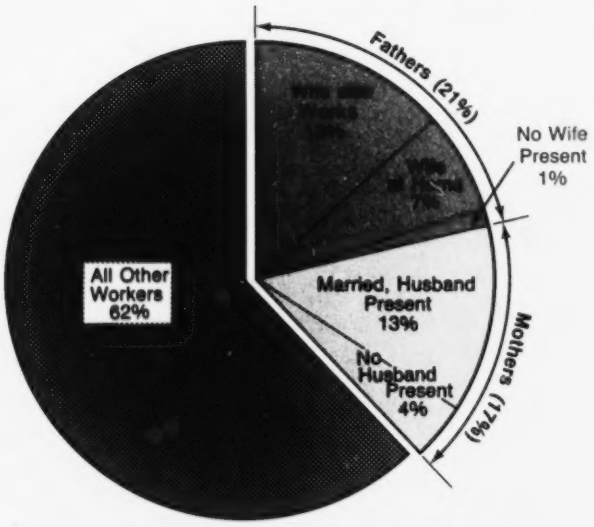
They also include an already-large and growing number of experienced employees in their late twenties and thirties (Chart 10). As a group, the singles work force has doubled in size since the 1950's and 1960's, in part because of the tremendous population growth and in part because of much-delayed marriages.

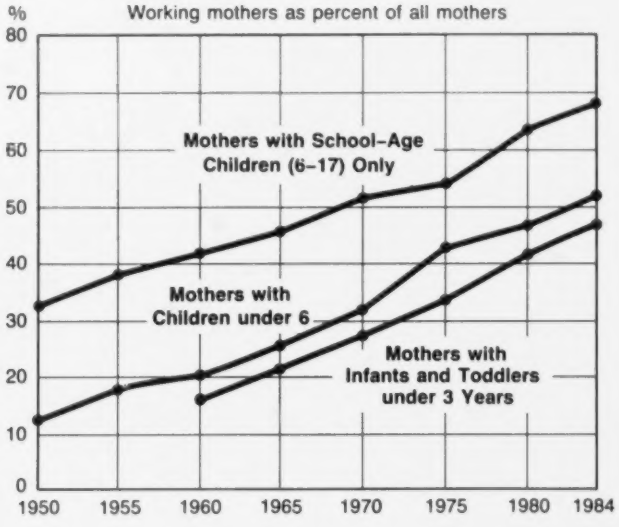
In the 1950's and 1960's, people married young—the median age was about 20 for women and 22.5 for men. By the early 1980's, men and women were entering their first marriages later than at any time in the past 70 years. As a result, the proportion of male and female "never marrieds" between the ages of 25 and 34 is about twice what it was in 1970. Demographers speculate that while the majority of single persons will eventually marry, a relatively larger proportion of them will remain unmarried.

Formerly marrieds without dependent children can also be counted as "singles." In the working population, persons without spouses are very likely to be divorced or

Chart 9.

Working Parents in 1984: A Significant Segment





▲ Includes parents of children 18 years and over, and childless workers

Source: Bureau of Labor Statistics, U.S. Department of Labor

separated since widowed persons are generally older. While workers who are no longer married can be single parents of (and primary caregivers for) teenage or younger children, most have grown children, or none at all.

Already counted among other marital groups, partners in unmarried-couple households actually constitute a distinct population group whose characteristics are now being monitored by the Census Bureau. Since 1970, when statistics on unmarried couples who shared households were first published, the size of this population has grown by a factor of almost four. The 2 million counted in 1984 consist of far younger partners than in 1970, and are less likely to include children. About half of the householders have never married. Although labor-force characteristics of this group are unknown, the age distribution and absence of children would seem to indicate that most unmarried-couple households are working households.

Value Systems in Transition

According to many observers, the baby-boom generation is credited with initiating a host of important new trends in today's society. The Yankelovich organization, for one, contrasts the value systems of this generation with those of its parents.[7] Several years ago, executives with this research group were speaking of a focus on individual needs, personal recognition, and a general disregard for established authority; on the acceptance of diversity of values rather than conformity to a single value system; on an elitism that is determined by life-styles and financial status, not by heritage and social class. Themes such as "multiple options," "decentralization," "participation," "self-help," and "networking," that appear in social forecaster John Naisbitt's *Megatrends* also convey a sense of transition away from the set ways, fixed hierarchies, and established lines of communication that trend analysts noted in the past.[8]

These and other commentators postulate that baby boomers are compensating for the lack of opportunity for rapid professional advancement by paying greater attention to the quality of their own lives. Analysts suggest that today's young adults are less likely to subordinate their personal and family lives—their free time—to their work. They underscore the apparent renewed interest in building roots in communities (a growing resistance to the mobility of the past), and to greater attention to personal rewards, employee-participation activities, and the expectation of more individual flexibility in work schedules.

A study by the American Council of Life Insurance explores the attitudes of the baby-boom generation, and finds that they share a mix of traditional and new values.[9] For example, while most still favor marriage over the single life, they want the responsibilities of marriage to be shared equally between partners. And, although they believe that the woman's role should not be confined to the home,

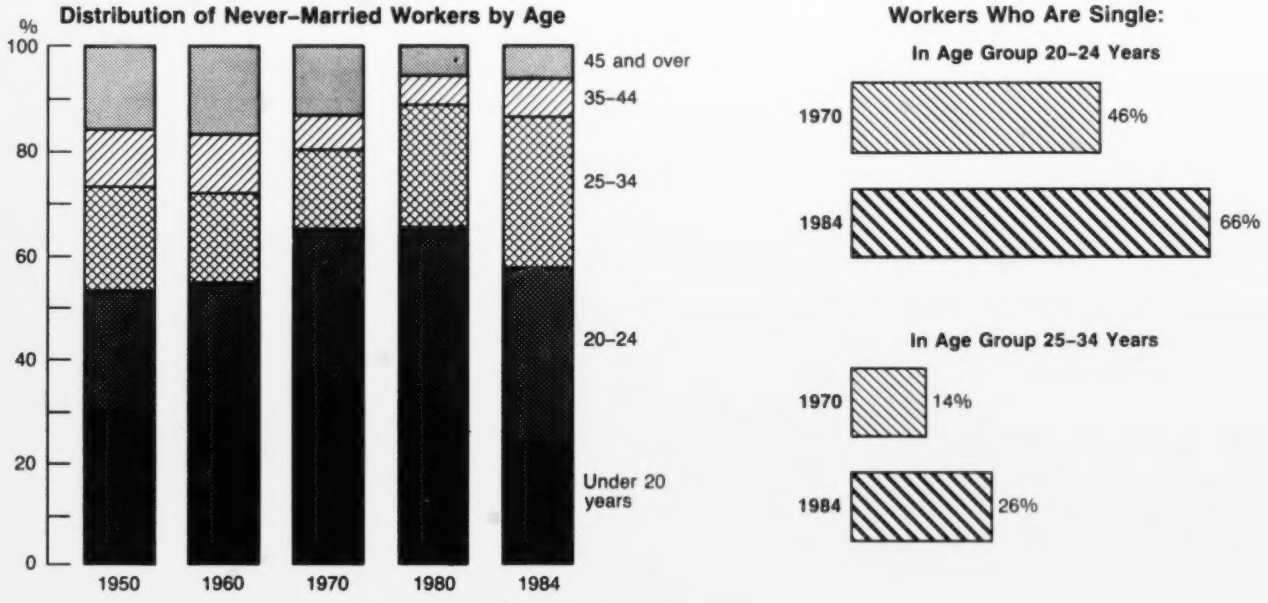
[7] See, for example, Florence R. Skelly, "Changing Values and Their Effect on Employee Attitudes, Expectations and Requirements." In *American in Transition: Implications for Employee Benefits.* Dallas L. Salisbury, ed.. Washington, D.C.: Employee Benefits Research Institute, 1982.

[8] John Naisbitt, *Megatrends.* New York: Warner Books, 1982.

[9] Barbara A. Price, "What the Baby Boom Believes." *American Demographics,* May, 1984.

Chart 10.

The Singles Work Force: Predominantly Young Adults



Source: Bureau of Labor Statistics, U.S. Department of Labor

they would prefer that she devote herself to rearing children during the family-formation years. Young adults, the study finds, believe they have a responsibility for the care and well-being of their aging relatives, but they expect their own children to demonstrate a considerable amount of self-sufficiency.

Whether or not people of the 1950's and 1960's generation are responsible for these new values, they most certainly rode the crest of the social disruptions that epitomized the period from the mid-1960's to the early 1970's. And they most certainly have endorsed many of the new personal and societal responses to change. They have the potential for becoming a major political force: It is their generation whose views will increasingly be heard in Congress, state houses, and city halls.[10]

As an exceptionally large and well-educated labor pool, they will continue to find themselves in fierce competition for the most rewarding jobs, a condition that is already encouraging them to move in new directions. Their upbringing has been less encumbered by role segregation, as evidenced in the generation of women who are venturing into nontraditional occupations, are developing long-term commitments to work, and are contributing measurably to their families' well-being. And they appear not to be tied to a myriad of other traditions—an attitude which will undoubtedly help to accelerate many changes already under way.

Beyond Demographics—Changes in Context

This report makes no attempt to analyze economic change in connection with work-force demographics. However, it is important at least to note briefly some of these events, in order to set a contextual framework for work and family issues.

Census figures on employment document the emergence of a strong "service economy" and, conversely, the declining importance of industries in the goods-producing sector. With the exception of the products in the hi-tech categories, relative weakness has been evident in most of the manufacturing industries for several decades. But strong growth has occurred in finance, professional services, and some retail trade businesses. While labor economists indicate that there is little evidence of a net migration of workers from goods to service industries, most of the new entrants to the labor force (notably women) have found their initial jobs in the service sector.[11] This long-term shift means that few job opportunities are created in old-line industries even when times are good. It also means that significant numbers of people are displaced during recession periods who must then retrain, and often relocate, in order to find new employment.

[10] Jerry Hagstrom, "Generational Politics," *The National Journal*, June 6, 1984. According to the article, baby boomers in public office included 54 members of the House of Representatives, three Senators, two governors, and an unspecified number of officeholders in state and city government.

[11] Michael Urquhart, "The Employment Shift to Services: Where Did It Come From?," *Monthly Labor Review*, April, 1984.

Structural changes, like demographic ones, normally take place over a long period of time, but business downturns tend to weaken declining industries so that change is accelerated. Industries that were severely hit by the 1981-1982 recession, and even many that were less affected, are now streamlining their operations and "downsizing" their work forces in order to remain competitive. Others are taking a new look at how they are managing their human resources—considering participative management programs, quality circles, quality-of-life programs, and similar management techniques—in order to spur greater productivity among workers.[12] Because they focus on the individual skills, interests and needs or workers, workplace innovations such as these may also take into account personal and family needs of workers.

Apart from national and global events that have an impact on the entire economy, changes in economic policy are also affecting certain sectors within that economy. Deregulation, for one, has brought about major upheavals in the transportation, banking, insurance and communications industries. Traditional business practices, including employer-employee relationships, have been disturbed. Companies within these industry sectors have been required to develop new strategies for meeting their competition in an unregulated (or, in some cases, "re-regulated") environment.

Such events require major organizational responses and, often, a redirection of corporate resources. A number of major corporations with already decentralized operations are diversifying into new, and often unfamiliar, businesses. These mergers and aquisitions are usually designed to cushion the firm's vulnerability to domestic and international competition, political decisions made in Washington, or future sudden jolts in the economy. (Some basic industries, for example, are branching out into less capital-intensive and less energy-intensive businesses in order to help stabilize their financial performance.) Ventures such as these are likely to change other characteristics of businesses, including the makeup of their work forces.

What this all adds up to is that demographic changes, important though they may be, cannot be viewed in a vacuum: They must be considered in the context of a wide range of intrusions that threaten the future livelihood of business organizations. Employer responses to the family needs of their employees will inevitably be colored by the firm's ability to adapt to economic and political conditions, and will need to be measured against a host of other changes contemplated by the corporation.

[12] See, for example, Harriet Gorlin and Lawrence Schein, *Innovations in Managing Human Resources*. The Conference Board, Report No. 849, 1984; Audrey Freedman, *The New Look in Wage Policy and Employee Relations*. The Conference Board, Report No. 865, 1985.

Chapter 2

Companies That Are Taking the Lead

NO COMPREHENSIVE STUDY has been undertaken to examine the characteristics of corporations that have initiated policies or practices generally considered to be beneficial to families. Work-family research has typically focused on the problems of working families, or on specific corporate policies as they affect the nonworking lives of employees. Investigations directed at the workplace have helped to identify ways in which employers can be more responsive to family needs, but have not analyzed company characteristics.[1] A national survey conducted for General Mills by Louis Harris and Associates in 1980, for example, offers some useful insights from the perspectives of family members, business executives, and labor leaders about the kinds of workplace policies, benefits and services that might reduce work-family conflict.[2] Human-resource officers surveyed predicted growth in the years ahead for many of the innovative practices and programs proposed as "solutions" by family members, but did not suggest what conditions within the corporation would encourage their introduction.

Other information sources, such as surveys by the U.S. Department of Labor, the Chamber of Commerce of the United States, and The Conference Board, capture broad trends in private-industry personnel practices and employee benefits.[3] Such studies serve as useful tools for measuring the prevalence and evolution of various company practices, but provide little information about the companies engaged in these practices.

Interviews and group discussions with corporate executives in this study shed some light on companies that stand out as being particularly attuned to the personal and family needs of their employees. These observations seem to indicate that responsive companies share certain industry, employee or geographic characteristics. Reasons given for the companies' involvement, and descriptions of how they go about making changes, are likely to reflect individual preferences or particular management styles and, for that reason, appear to have fewer common ingredients.

Responsiveness to a Changing Environment

Corporations considered to be "well-managed" earn their reputations through an efficient, productive and balanced use of all company resources. It is certainly not surprising, then, that well-managed companies are looked upon as leaders in human-resource management. They are thought to have a high degree of sensitivity to the needs of their employees and, thus, their employees' families. Although only a handful of firms can be considered true innovators, leading corporations, as a group, appear to be more responsive to their environments and more willing to adapt to new conditions.

Other attributes of corporations in this study that are observed to have family-supportive policies may, on reflection, seem obvious and, as noted subsequently, are sometimes interrelated. The presence or absence of any single characteristic should not be construed as a predictor of a particular corporate posture toward employees. There are always companies that do not fit expected patterns—and priorities of the chief executive may be of overriding importance. Still, the probability of identifying a family-responsive employer appears, on the basis of this study, likely to be heightened when a company can be described according to more than one of the elements listed below.

- **Companies that are in "hi-tech" or scientific industries.** Competition for many categories of skilled employees con-

[1] See, for example, Dana E. Friedman, *Encouraging Employer Support to Working Parents: Community Strategies for Change.* New York: The Center for Public Advocacy Research, 1983; Halcyone Bohen, *Corporate Employment Policies Affecting Families and Children: The United States and Europe.* New York: Aspen Institute for Humanistic Studies, 1983; Jacquelyn McCroskey, "Work and Family: What is the Employer's Responsibility?" *Personnel Journal,* January, 1982.

[2] Louis Harris and Associates, Inc., *Families at Work: Strengths and Strains.* The General Mills American Family Report, 1980-1981. Minneapolis: General Mills, Inc., 1981.

[3] Some studies reporting survey data on personnel practices include: Harriet Gorlin, *Personnel Practices I: Recruitment, Placement, Training, Communication; II: Hours of Work, Pay Practices, Relocation; III: Employee Services, Work Rules.* The Conference Board, Information Bulletin Nos. 89, 92 and 95, 1981; Mitchell Meyer, *Profile of Employee Benefits: 1981 Edition.* The Conference Board, Report Number 813, 1981; The Chamber of Commerce of the United States, *Employee Benefits, 1983.* Washington, DC: The Chamber of Commerce of the United States, 1985; and Bureau of Labor Statistics, U.S. Department of Labor, *Employee Benefits in Medium and Large Firms, 1983.* Bulletin No. 2213. Washington, DC: U.S. Government Printing Office, 1984.

tinues to be intense. Faced with skill shortages, companies are likely to offer generous benefits in order to remain competitive and to encourage employee loyalty. Moreover, as a group, hi-tech companies are considered a growth sector of the U.S. economy. Although a recent shakeout in the industry has affected the fortunes of some firms, most of the larger, well-established ones seem to have suffered little during the deep 1981-1982 recession. Employee benefits are likely to be more affordable for this group of firms. Hi-tech companies also have a high proportion of professional employees whose project-oriented work may be more conducive to flexible scheduling, a practice that makes it easier for employees to juggle the responsibilities of their working and private lives.

• **Companies that have relatively young work forces.** Work-family stress is likely to be more visible among younger workers, since a relatively larger proportion will be working parents and representatives of other "new" labor-force constituencies. Moreover, the complexities of work and family life may be more widely appreciated because younger men, as well as women, appear to be more sensitive to these issues. Companies with young work forces tend to have young managements. Executives who have working spouses and/or young children at home, for example, can be expected to be more sympathetic to the work-family conflicts of their employees. Finally, "younger" companies are likely to have fewer traditions to get in the way of innovation. The "we've-never-done-it-that-way-before" excuse is rarely heard.

• **Companies that have a high proportion of female employees.** Although work and family concerns are not solely "women's issues," family responsibilities are still shouldered largely by women, a majority of whom work in sexually segregated occupations and industries. Employers who manage large female work forces are likely to be more aware of the family concerns of their employees, and may look upon family-supportive benefits and services more favorably. (The "equity issue" that may arise when a benefit is applicable to only one group of employees may also be less of an obstacle in these firms, since such programs will serve a significant segment of the working population.) In addition, more women have been promoted into management positions in female-intensive industries because affirmative-action programs, in place for more than a decade, appear to have been particularly effective in these industries. The family responsibilities of women executives may have a more noticeable (but not necessarily greater) impact on their job performance. Some of the accommodations in work schedules and time off that are arranged informally for experienced managerial and professional women may eventually evolve into corporate policies.

• **Companies that are located in "progressive" communities.** A recent study for the Carnegie Corporation of New York indicates that prevailing community attitudes and expectations—toward mutual interdependence and social responsibility, for example—are likely to permeate the organizations located in these areas.[4] Cities, such as Minneapolis and Boston, or broader geographic locations, such as the San Francisco Bay area, bear a progressive image that could influence the policies of many employers in the area. While only a few companies, community organizations and local government authorities may be the instigators of progressive programs, policies and collaborative activities, the involvement of a few tends to have a snowballing effect. In order to remain competitive and maintain a positive corporate image vis-à-vis other area employers, companies located in these communities can be expected to be concerned about the welfare of their employees and the community.[5]

• **Companies that are nonunion, or largely nonunion.** These companies have the opportunity for greater flexibility in management, because they are not constrained by institutionalized (and sometimes adversarial) relationships between labor and management. Union member characteristics, though changing, still identify a more traditional segment of the work force: a largely white, largely male, and largely blue-collar membership whose median age in 1984 was 39 years.[6] Companies that are actively seeking to maintain their nonunion status can be expected to develop strategies to identify concerns of their employees before they become sources of major discontent.[7] (This is not to infer that unionized firms are necessarily anti-family. Some unions, particularly those representing women, have notable records in advocating family benefits for their workers. The Amalgamated Clothing and Textile Workers Union, for example, has, until recently, operated child-care centers for its workers.)

• **Companies that are close to their founders' traditions.** Years ago, some of these companies would have been labeled paternalistic, conjuring up images of benevolent despots of the nineteenth century. Today, companies like Corning Glass Works, while still identified with a company-town image, and Steelcase, privately held and also largely concentrated in a single location, are often referred to as caring employers. Other major corporations that grew out of family businesses may now have work forces that are more geographically dispersed, but continue to promote their founders' concern for their employees' well-being. Such companies often make a concerted effort to design benefits and services for as wide an employee base as possible.

• **Companies that make products for or offer services to the consumer market.** Companies in this category can identify employees (and the people in the communities in which they are located) as customers and potential cus-

[4] Friedman, 1983.

[5] Kathryn Troy, *Studying and Addressing Community Needs: A Corporate Case Book*. The Conference Board, Report No. 866, 1985.

[6] *Employment and Earnings*, January, 1985, Tables 52 and 53, pp. 208-209.

[7] For a detailed discussion of this subject, based on in-depth studies of 26 corporations, see Fred K. Foulkes, *Personnel Policies in Large Nonunion Companies*. New York: Prentice-Hall, 1980.

tomers. They can be expected to be more responsive to employee and community needs because these efforts can be perceived as directly beneficial to the corporate image and to bottom-line profitability.

What Determines a Company's Response?

Corporations—even those viewed as leaders in human-resource management—are not prompted solely by a spirit of benevolence to develop family-supportive programs for their employees. In the best of circumstances, personnel policies, practices and benefits are constructed to attract, motivate and retain qualified workers who, it is hoped, will reward their employers with high productivity and a strong dedication to their jobs. Over the years, changes in organizational needs and labor-market conditions will require periodic adjustments in these policies and practices. Since demographic and social trends are among the major external forces affecting the corporation, it would seem logical that firms take population factors into consideration when preparing future business strategies.

Most personnel executives are well aware that recent changes in family structure (such as the increased visibility of single working parents, adult singles with nontraditional life-styles, and working couples at all income levels) are having an impact on the corporation. Many also acknowledge that some corporate practices can adversely affect family relationships. They note, for example, that heavy demands on executive time, relocation of managers or facilities, rigid work schedules, shift work, and mandatory overtime can contribute to the breakdown of family ties. And many suggest that companies should review these policies and, where feasible, make changes to lessen the potential damage.

Although executives are sensitive to recent shifts in work and family relationships, some firms appear to be better equipped to react to the consequences of the demographic change than to anticipate potential problems. Relatively few companies among those studied make use of this kind of information in planning future programs. With some notable exceptions, few human-resource departments use environmental scans to track current and projected changes in national work-force demographics, and many of these departments are excluded from the business-planning process. Firms that concentrate on short-term results find it difficult to wait for the long-term and unpredictable benefits of preventive action.

Many corporations are also handicapped because they have not developed sufficiently sophisticated information systems for monitoring the characteristics of their own employees.[4] Even with that capability, it is often difficult to relate labor-force characteristics to specific courses of action in human-resource programs. Nonetheless, as one company official suggests: "A fundamental aspect of every executive's job is to manage change. Since major changes are occuring in family structure, we are not really doing our jobs as personnel officers if we are not managing the consequences that change within our organizations."

The personal philosophy and business priorities of the chief executive are still among the principal determinants of corporate policy—and of the direction and speed of any changes that might occur. One of the banks in this study has a CEO who is a former personnel executive—a reason, company officials state, that the firm has a number of innovative practices in place. In several other companies studied, the CEO's have publicly expressed a deep interest in the well-being of families. In some instances, their beliefs are founded on strong religious convictions. While family concerns permeate the corporate atmosphere, personnel policies in these firms appear to reflect a comparatively traditional view of family life, and indicate a conservative role for the corporation. One chief executive, for example, reports that his firm's policies have not had to deal with family issues because "employees are informally encouraged to help one another."

Long-standing traditions also play an important role. A strong sense of social responsibility, for example, will be evident in a corporation's attitudes toward its employees, although even these corporations shy away from taking on a social-service role or appearing to supplant existing community services. "Our company is not saying, 'Look to us for solutions,' but 'Here's how you can go about solving some of your problems,' " observes one corporate official, who adds: "Company managers recognize that individuals have the ability and desire to address their own problems. More than that, we are reluctant to intrude into the personal lives of our employees." This statement captures the views of many executives, who believe that corporations should demonstrate their support of families by giving employees some control and flexibility over their working lives, and by supplying them with information on ways to deal with personal problems.

In a world of few leaders and many followers, most corporate executives have a sense of where their firms stand. Leaders tend to think along the lines of the personnel manager in a corporation, who states: "We're not making changes because others are; we are taking these steps because they fit our company philosophy and our environment." But a personnel executive in another company, who acknowledges that his firm typically takes a conservative posture, puts his company's position in bluntly pragmatic terms: "Ours is a package of policies, benefits and services that are necessary in order to be competitive with other employers in the area."

Where Does the Process Start?

Most corporations approach change with caution. Initiating formal changes in personnel practices or benefits is no execption, as is evident from the Board's discussions

[4] Data presented in a speech by Walter S. Wikstrom at a conference, "Human Resources Outlook: 1985," sponsored by The Conference Board, in New York, October 4, 1984.

The Personal Concerns of Personnel Officers

"You have your job, and you have yourself and your family. Time spent away from the job is becoming increasingly important, even at the upper-management levels. Today's manager is not willing to spend an 80-hour week on the job. I see that happening a lot—even in my own career. I value that time playing tennis or with my family. I find myself saying; 'I can be successful as a manager and move up in my career, but I'll put a limit to it.' I will take reading home at night, but I also want to play soccer with my kids. I see a lot of younger managers thinking the way I do."

— A human-resource director in a diversified manufacturing and financial services firm

"I had five weeks of vacation in my former job. Now I have two weeks. In an austerity move because of the recent economic situation, the company has required all employees to forfeit 20 percent of their allotted vacation time. Morale is very low. It is as if we are being told that the company believes employees don't need time away from work to spend with their families. I am trying to figure out a summer-hours schedule that will at least make weekends a little longer. Maybe we can recoup some of that lost morale."

— A personnel executive in a packaging products firm

"I have been moved six times by the firm. It's been very hard on my family. I used to think that the reason the moves were so difficult was that we were always going to strange places. This last time, however, we moved back to where my wife and I both grew up, where our children had friends, and where both sets of parents lived. It turned out to be just as tough an experience. Now I know it's the move itself that is disruptive, and I have let the company know that I won't relocate again."

— A personnel planning officer in a computer products firm

"A woman executive is made to feel very vulnerable if she is not on the job all the time. When I was out for five months on maternity leave, people counted the days until I returned. About a month later, my boss' wife, who was pregnant, came down with a severe cold that threatened to turn into pneumonia. Everyone in the office thought it was wonderful that her husband took three days off to be with his wife."

— A vice president in an East Coast bank

"Summer hours are the greatest thing we have seen at corporate headquarters. Everyone goes home at noon on Friday. Normally, I come to work earlier and stay later than most people. But Friday in the summertime, I leave at noon with everyone else."

— A personnel executive in a midwestern manufacturing company

"When my children were young, I found commuting very difficult. I asked for a change in hours that would allow me to work part time, but learned that the penalties would be severe. Reducing my hours meant that I would have to give up a number of benefits equal to about ten percent of my pay. Management was, in effect, offering me a three-fourths time job at half-time pay. As a result, I changed jobs and went to work full time for a company that was 15 minutes from home. I could use my lunch hour to drive in the car pool for the nursery school."

— A vice president for personnel in a midwestern bank

"I've moved many times in my career. Some years ago, though, when my children were all still in school, I turned down a management request to relocate. I probably missed out on some promotions later on because of my decision, but I finally made up my mind that the company didn't always have to come first."

— A human-resource director in a communications firm

"I have spent my entire career at the bank, mostly in operations, and even met my wife here. She is an officer, too. I'm of the opinion that your personal life is your own business. After our marriage, it took management a while to get used to that idea. My career didn't suffer any, but I think my wife missed out on a few promotions. Now she is back on track and doing very well. My colleagues in management have come to realize that our marriage does not compromise the bank: We expect our careers to depend on performance, not connections."

— A senior officer in a western bank

"I am a working mother with a young child. I am also responsible for policy and benefits development in my company. I find that many supervisors call to ask my advice on how to handle maternity leaves, so that I have become a resource on this issue. My own situation has given me a better understanding of both personal needs and company views on maternity leaves, and has helped me gather the information necessary to develop the company's policy."

— A personnel director in a utility

with corporate executives. One major hurdle is that new programs must often be justified as cost-beneficial. Beyond that already difficult requirement, organizational and attitudinal barriers exist within the corporation; traditions seem ironclad; successful experiments with innovative programs are not widespread; and very little practical knowledge about many of the innovative programs has been shared among firms.

When conditions are right, however, the impetus for change may originate almost anywhere within the corporation—in the offices of top management, on the shop or office floor, or in the human-resource department. The success of a new program probably depends less on where the idea came from than on how it is implemented (whether or not employee input was encouraged) and how much top-management leadership and support is given along the way.

Senior Management as the Instigator

"Top-down" innovations have an obvious advantage: They get immediate attention. "We get a new program every time our Chairman comes back from a board meeting in another company," reports the human-resource executive in a major food company. That firm's preretirement counseling service was developed from information picked up in exchanges his CEO had with two other chief executives about their companies' programs.

The idea for Zale Corporation's child-care center also originated with top management. That company's CEO learned about this form of employer support for child care during a trip to Switzerland. Zale's senior management encouraged the establishment of an on-site center at the Dallas headquarters, believing that it would not only provide a service to working parents, but it would also make a statement about the corporation's concern for a significant social issue.

American Can Company revamped its employee-benefits programs into a "cafeteria" plan when a newly appointed senior human-resource executive expressed concern about the cost of the firm's existing benefits. His interest launched an investigation to find a more cost-beneficial way of delivering relevant employee benefits. (See box on pages 44-45 for more details on this program.)

Sometimes top-management initiatives occur because a particular personnel problem has reached the executive office. Senior executives who have working spouses, who have small children at home, or who have experienced difficult job transfers, for example, are acutely aware of the conflicts that can arise in work and family relationships. Many can be expected to support—or even mandate—changes in personnel policies that will ease potential friction. Honeywell executives credit the company president's sensitivity to work-family issues to the presence of young children in his own family. In other instances, problems can be called to top management's attention by close subordinates. When an executive secretary in one bank adopted a child, for example, a corporatewide adoption-leave policy was written.

Employees Have a Say

Quality circles, personnel committees, women's groups, task forces, and employee-suggestion boxes serve as other grass-roots sources of ideas for changes in personnel policies and practices. Many firms conduct surveys to determine the extent of employee interest in a new program or service. But companies also recognize drawbacks in their use, and some refrain from conducting such inquiries. Personnel officers observe that these types of surveys may produce misleading results when questions are misinterpreted or respondents are not candid. A questionnaire may raise employee expectations about the rapid—or even eventual—implementation of a new program. Several companies note that child-care needs of employees are not being explored in their firms for this reason. In such situations, company officials believe, it will be difficult for management to back off even if the response confirms only a limited demand for the proposed service. (Attitude surveys that encourage employee suggestions about possible modifications of existing services are viewed as less hazardous.)

To overcome these difficulties, corporations sometimes contract with outside consultants to conduct focus-group discussions in order to assess employee needs and interests concerning a new benefit or service. Parent-education seminars can provide alternative—and less formal—settings for information gathering. Some firms consider joining forces with other area employers to arrange for surveys that will be collected by a third party. In all instances, the employers can maintain a distance from the data-collection process which, they believe, insulates them from identification with the project—and may improve the quality of the responses as well.

In firms that are unionized, some benefits and services originate from the bottom up. One labor-relations executive in the Southwest observes that "a disproportionate number of benefits enjoyed by salaried people in this firm originated in the bargaining process, and trickled up through the ranks." Allowing unions always to be pacesetters in negotiating new benefits, however, is viewed by many in management as a threat to their bargaining leverage. These officials will tend to offset a potential union advantage by first initiating improvements among nonunion segments of the work force.

Quality circles, now used in many manufacturing operations, may also be the source of innovative program ideas. One initiative, for example, could be to design more flexibility or control over work schedules—an idea, if successful, that might spread to other work units at that plant, or even to other levels of the corporation. Borg-Warner Corporation is among a growing number of manufacturers that have had positive experiences in this area.[9] Profit centers at Tandy Corporation also develop their own operating strategies.

[9] More information about the role that problem-solving groups can play in companies appears in Gorlin and Schein, 1984.

Work and Family: One Corporate Model

In 1978, Honeywell Inc. engaged a market-research firm to survey public opinion on the dimensions of corporate social responsibility and, more particularly, on Honeywell's social image in the community. Company employees, community leaders, and residents of the Minneapolis-St. Paul area were questioned. When the findings were released, Honeywell received high marks for its sensitivity to a variety of social issues, but fared less well when judged by the public on its support for effective family functioning, especially the needs its own employees who were working parents.

A second survey within the Honeywell work force, conducted a year later by its Women's Task Force at the request of the company president, pointed up specific problems that employees were facing in locating convenient, affordable and quality child-care services. More than a fourth of the employees indicated that a majority of their absences were due to problems related to child care. As a direct consequence of this study, the company hired a full-time consultant to develop a series of family-related policies and programs that would attempt to address these problems. Originally appointed to a one-year contract, she ultimately became a permanent employee of the Department of Corporate and Community Responsibility.

Since major corporations still have few precedents in dealing with the work-family concerns of their employees, Honeywell executives were understandably hesitant about getting involved in what many considered to be private matters. They were particularly concerned about assuming any role in the family decision-making activities of their employees. Not only were they wary of straying too far from their primary business mission, they also worried that company initiatives might raise employee expectations.

Recognizing a sense of uncertainty within the corporation, the consultant spent a considerable amount of time interviewing management personnel to determine what strategies would be acceptable in the Honeywell environment. She also spoke at length with child-care professionals, family counselors, psychologists and other specialists to assess resources within the community and to identify appropriate courses of action. After several months of preliminary investigation, the consultant coordinated the formation of a Working Parents Task Force, a group composed of 25 Honeywell employees who approximated a cross section of the work force—a mix of job titles from senior executive to production worker, selected from male and female employees who were working on the corporate staff and in various operating divisions of the company, and including representation from management and labor and, inevitably, a variety of family backgrounds and family responsibilities.

The Working Parents Task Force, which met as a group only at the beginning and end of its tenure, divided into three subgroups to conduct its investigations and develop recommendations. The discussions and research of the working units—on employment practices, on parent education, and on child-care facilities—were synthesized in the 14 specific recommendations contained in the final report of the task force issued in October, 1981.

While not all of the recommendations have been acted upon, a significant number of steps have been taken by Honeywell to assist working parents (employees and others) in managing their work and family responsibilities. These include:

(1) Implementation of a companywide flexitime policy that makes it possible, if business conditions permit, for employees to select among several starting times.

(2) Providing initial impetus to the creation of a computerized Child Care Information Network, a countywide project designed by three community organizations with technical and financial help from Honeywell. The project, currently supported by a number of other businesses in the Twin Cities, helps parents locate child-care facilities that meet their special requirements. The network also helps to indicate where mismatches exist between needs and resources.

(3) Providing technical and financial assistance to a variety of community-based organizations that offer support services to working parents.

(4) A commitment to include dependent-care assistance as an option in the corporation's proposed flexible benefits plan.

(5) Development of a series of working-parent seminars to help educate parent-employees about available resources and skills to ease work and family conflicts.

(6) Publicizing useful information on work and family issues, and continuing its role as a resource to businesses and other interested organizations about programs that are supportive of families.

With other corporations and child-care professionals in the Twin Cities area, the company is exploring possible options for providing care to sick children (or other family members) during working hours. It is interested in developing a program to enhance permanent part-time jobs in the company. And it is concerned with a number of issues regarding older workers and their particular work-family needs.

Honeywell's top work-and-family priority continues to be one of education, particularly within the company itself. To that end, the Department of Corporate and Community Responsibility intends to spearhead continued efforts to: (1) communicate work and family issues to senior management; (2) get other Honeywell departments and divisions more sensitized to these issues; and (3) create a Work-Family Advisory Council that will be convened on an ongoing basis.

At Dana Corporation, an employee council, composed of decision-making personnel located throughout the organization, collects and evaluates information about personnel-related issues and makes recommendations to management. Honeywell's Working Parents Task Force, a group of nonunion and union employees representing all levels of the corporation, also served to inform management about changes needed in company policies. (See box on opposite page.)

Unions may be less receptive to workplace innovations, especially when they appear to be give-backs. Some resistance may be due to the traditionally adversarial relationship between union and management. "You always have in your mind the union's reluctance to move into anything," is the way one labor-relations executive puts it, echoing the attitude of his counterparts elsewhere. But, according to an official from a textile firm, some unions in the South, where his firm has operations, promote family benefits—in particular, child care—as an organizing tool. Those unions are appealing to a labor market that has a high proportion of large families living on low incomes.

The Personnel Department Plays a Role

While the personnel department is frequently involved in collecting survey data from employees on a variety of issues, it may also originate and champion its own program ideas. Human-resource personnel often have access to information about promising practices, and usually have a vested interest in promoting them. The initial interest in flexitime at two insurance companies—Transamerica Occidental Life and Southwestern Life—came from the personnel departments. The company chairman at Occidental had first requested an investigation into the four-day week, but the study results turned out to be disappointing. Following that effort, the personnel department looked into European and U.S. experiences with flexitime, and designed the program that was eventually adopted.

At Levi Strauss & Co., a professional level job-sharing experiment, involving two women with young children, was first tested in the personnel department before it was made available elsewhere in the corporation. Quaker Oats Company has also experimented with secretarial job sharing in its personnel department.

One senior personnel executive in a midwestern bank explains that changes have occurred there because the department found the right person to champion the policy change at the right time in the right place within the corporation. As she notes: "Policy changes with 'glowing pluses' will be reviewed and nitpicked by ten layers of management, then be shelved ready for implementation until a suitable person comes along with the proper ammunition. When that happens, a decision can be made overnight." Her strategy is to develop all the rationale for a policy change, put it aside, and look for an appropriate candidate to personalize the issue.

The Next Step: Implementation

Once preliminary research has been concluded—with promising results of surveys or task-group investigations, and a top management go-ahead—the implementation process usually starts with a pilot program. A limited commitment is easier to monitor and evaluate; it is also easier to cancel if the experiment proves unsatisfactory. American Can's flexible benefit plan, which represented a sizable investment of company resources, was phased in cautiously. First, a group of 600 employees tested the plan, followed by an intense educational effort that culminated in the implementation of a plan involving the entire salaried work force. Since that time, the company has reorganized, with the result that not all business units are currently covered by flexible benefit programs. However, for the core group of salaried workers, communication and program refinement are ongoing activities.

During the pilot phase, corporate executives note, it is important for line managers to be convinced that the new program is beneficial. Senior operating executives must also be involved in the process so that mid-level managers are not caught in a squeeze—between a top management that has given its approval and line superiors who must meet their profit-making objectives. Line managers play a vital role in helping to sell a successful pilot to other units in the company. Transamerica Occidental Life found that operating managers were very effective in communicating the advantages of flexitime—a task that the personnel department, as a staff unit, was unable to do.

Not all changes are implemented through formalized processes, however. Companies seem to find it useful or, in some cases, inevitable, that a variety of responses to problem situations exist (such as special arrangements between individual employees and their supervisors, or within individual work units) that are not part of formal company policy. Company policies, in fact, often allow considerable latitude in interpretation. A human-resource director explains: "We'll try anything—and we have. We expect supervisors to work within the guidelines that we set, but we encourage them to make individual accommodations where necessary."

In the experience of many executives questioned, some of these ad hoc practices do eventually become policy if they are found to be practiced widely. However, other executives caution that policies do not always evolve from practices because company operations are very diverse: What is acceptable in one location may not be workable or appropriate elsewhere. Hence, the reliance on guidelines rather than on strict policies.

The degree of latitude allowed supervisors in dealing with specific personnel problems and issues depends not only on company policy, but also on managerial attitudes. "New value" managers (those who espouse pluralism and individual expression) are said to permit greater flexibility and self-rule within overall corporate guidelines, and are

credited with the spread of many innovative practices and ideas. By contrast, personnel executives say that more traditional managers tend to rely heavily on written policies and rules to control the behavior of their subordinates. The policy manual is used as a crutch by such supervisors to avoid taking personal responsibility for their decisions.

The intransigence of traditional managers is considered by many human-resource professionals to be one of the most formidable obstacles to overcome in managing changes at the workplace. One human-resource director elaborates: "We find them to be weak supervisors—and real misfits because they cannot organize their tasks. They sit and watch other people work, and are poor producers themselves." Company officials observe that as long as a "control mentality" is pervasive at different levels of management, corporations will find it difficult to accept workplace innovations that transfer decision-making authority to employees.

Choosing Criteria for Evaluation

Very few of the corporations studied have developed effective criteria for evaluating the costs and benefits of new family-supportive personnel programs and services. With some exceptions, a majority of personnel executives appear unenthusiastic about attempting to conduct statistical analyses of their experiments, even when they might help to validate an apparently successful program. The scarcity of reliable evaluation data has undoubtedly contributed to the slow spread of some family-supportive programs, since other firms often need such information to justify similar initiatives.

Executives have many reasons for being cool to the evaluation process. They explain, for example, that some program innovations do not merit careful scrutiny because of their negligible cost to the company. They say that full-blown studies are inappropriate unless companies are contemplating major policy or program changes. Others note that the accuracy of the evaluation data may be suspect because laboratory conditions are not present. Events occurring simultaneously in the organization, that are not under the control of the evaluators, may affect the test outcomes.

Sometimes the corporation lacks procedures for systematic data collection and analysis. Firms that do not have these resources hope other companies will provide details of their experiences. "We love it when a company like AT&T publishes an analysis of a new program," reports a midwestern food company executive.

A few companies, however, have found yardsticks that help to measure the value of some of their innovations in personnel practices. Since the company focus is the work site, however, internal evaluations usually test work-related factors.[10] Flexitime programs have received considerable attention, and a number of studies have linked this practice to lower absenteeism and turnover rates. At Transamerica Occidental Life Insurance Company, for example, employee turnover was reported to be 45 percent lower in the nine years after the program's inception in 1973 than in the nine years prior to its implementation; absenteeism was down 10 percent. However, the company's vice president of personnel cautions that these figures may also reflect changes that were occurring in other personnel practices during the same time period, and notes that labor-market conditions varied considerably over the 18-year time span under review.

Some employers have evaluated flexitime in different ways. A southwestern manufacturer, whose office personnel work flexible schedules, has discovered that more jobs are filled through referrals so that the use of employment agencies is reduced. Another firm in the same area sees a more indirect benefit: Allowing employees greater freedom in selecting work times has the effect of encouraging less flexible managers to move out of jobs that require supervisory tasks. (That same firm also reported a substantial reduction in the number of aspirin tablets dispensed by the medical department once long lines in the parking garage had been eliminated.)

Although flexitime appears to satisfy employers in a number of ways—not the least of which is its great popularity with employees—its contribution to productivity improvement has not been conclusively demonstrated.[11] The personnel research officer in a large insurance company, for one, believes that flexitime is a neutral factor in worker productivity. Flexible work schedules and other work innovations are said to improve morale and reduce stress. They may also improve the employee-relations environment, by reducing grievances and management time spent on such problems. But unless there is some readily accessible unit-output measure, the effect of these changes on actual worker productivity may remain unclear.

Within individual profit centers at Tandy Corporation management employees are allowed almost unlimited freedom to determine their operating environment, as long as proposed procedures do not conflict with overall corporate policies. Basically, the profit-and-loss statement acts as the ultimate restraining force: A workplace innovation is abandoned if it does not prove profitable. In another manufacturing company, productivity improvements show up in an "equal share" program, whereby all plant employees except the manager receive a cash payout that represents the employee's share of the value of the increased product produced.

Experiences in other corporations turn up different criteria. The evaluation of a health-promotion program in a midwestern firm is based on the effectiveness of the education

[10] Some independent studies have examined the effects of various company policies on families. These are referred to in connection with specific programs in Chapters 3 and 4.

[11] Analyses of some company productivity studies related to flexitime are described in Stanley D. Nollen, "Does Flexitime Improve Productivity?" *Harvard Business Review*, September-October, 1979. Also, Harriet Gorlin, *Company Experiences with Flexible Work Schedules*. The Conference Board, Research Bulletin No. 110, 1982.

process—how widely it has been disseminated, and how much information is retained. Program results are not being matched against changes in the amount of sick leave used.

Employee perceptions of benefits can also be examined. International Business Machines Corporation (IBM) polled employees and managers about their attitudes toward a proposed Individual Work Schedule (IWS) program that was instituted on a pilot basis in the company's California operations. Results showed that an overwhelming majority of employees and managers were satisfied with the new schedules; about half noted improvements in productivity, morale and job satisfaction; and few managers saw abuses of the program. Experiences with the pilot persuaded management to expand the program throughout the corporation.

A similar survey by The Equitable Life Assurance Society analyzed employee attitudes toward a pilot program on wellness. Generally positive comments were elicited from persons participating in the program, who represented close to three-fourths of the eligible population. In addition, responses from all employees (whether or not they took part in the pilot project) provided company officials with data to refine the wellness program for expanded use.

Still, a majority of the executives who discussed evaluation efforts were hard pressed to come up with anything more than "gut feelings" that innovations in workplace practices were cost-beneficial. Like flexible work schedules, for example, corporate-supported child-care programs are widely regarded as influential in reducing employee absenteeism and turnover. But relatively few companies have had enough experience with any form of child-care assistance to be able to provide details on these benefits. Zale Corporation's child-care center, which is subsidized by the corporation, is considered a valuable recruiting tool, and good for the corporate image. But hard statistics that compare actual operating costs of the center with the value of the perceived benefits are not available.

Executives whose firms offer employee-assistance and counseling programs often say that these services are so inexpensive—relative to the alternative cost of long-term disability or replacement—that they see no need for trying to put a dollar value on what the firm is getting for its money. (The issue of privacy is also a particularly prickly subject in this area.) While corporations like AT&T, United Airlines, and General Motors conduct extensive analyses of their employee-assistance programs, most employers will gather information on overall usage, but rely on informal feedback from employees about their value. Reports of a few lives saved, or problems solved, they say, more than justify the cost of providing the service.

Since most personnel policy and practice changes are intended to solve problem situations in the workplace, the ultimate test—and perhaps the only assessment that is in widespread use—is to see whether the problem disappears. If it does, the practice or program is judged a success; if not, its value to the company will be questioned.

Part II:
Changing Corporate Policies and Practices

Chapter 3
More Flexible Work Schedules

WITH A FIXED AMOUNT OF TIME in any given day, family members who are employed often experience time and scheduling difficulties when trying to balance their work, family and personal responsibilities. Recent interest in this issue among employers, workers and social scientists has drawn attention to the interdependence of work and family life. In an study based on the 1977 Quality of Employment Survey, for example, researchers Graham Staines and Joseph Pleck tested a number of hypotheses about work schedules and their impact on family life.[1] This investigation examined the effect of long and irregularly scheduled hours (including weekend and shift work) on limiting the amount of time workers can spend on child care and household tasks, and on the quality of the time that they do have available for family activities.

In general, these researchers reported, different problems arise for men and women. Male employees find that long work hours often prevent them from fulfilling their family responsibilities, while women workers tend to be put under more stress by scheduling conflicts. The study concluded, however, that when employees are able to exercise some control over their job schedules (and, thus, time away from work), they and their families appear to suffer fewer ill effects from long or nonstandard work times. One complicating factor—undoubtedly a growing issue with so many dual-earner couples in today's labor force—is that one spouse's job schedule is found to have a significant impact on the other spouse's job schedule and family life.

A sizable majority of the corporations in the Board's study report that they do permit some forms of nontraditional work patterns. When questioned about family-supportive practices, employers frequently cite work scheduling modifications as evidence of their responsiveness to family needs, adding that a more flexible approach is not only desirable for employees, but useful to the company. With few exceptions, however, companies appear to be cautious in their efforts—limiting the availability of various programs and the amount of choice that individual workers can exercise. From a corporate perspective, the opportunity for job-scheduling flexibility must always be balanced by the requirements to get the work done.[2]

Flexitime and Its Variations

In 1979, The Conference Board reported that 16 percent of a sample of companies with 200 or more employees permitted some of their office staff to be on flexible work schedules; only 3 percent extended flexitime to production workers.[3] Furthermore, flexitime was available to less than half of the company's employee population in a majority of these firms. The findings of a 1980 survey from the U.S. Bureau of Labor Statistics are apparently consistent: Flexible work schedules were reported to be used by only 12 percent of the U.S. working population.[4] One difficulty with both surveys, however, is that corporate staff personnel, who are usually responsible for providing survey data, are not always privy to the kinds of work schedules that are in operation in different divisions of their companies. The many informal arrangements that exist between supervisors and workers are even more difficult to identify. It is likely, therefore, that the percentages represent only an approximation of the situation then—and now.

Most types of formal flexitime programs are found in office settings. Companies that practice flexitime will often have a variety of different arrangements in place within different departments at the same facility. Generally speak-

[1] Graham L. Staines and Joseph H. Pleck, *The Impact of Work Schedules on the Family*. Ann Arbor: The University of Michigan Survey Research Center, Institute for Social Research, 1983.

[2] For a review of alternative work schedules see Stanley D. Nollen, *New Work Schedules in Practice*. New York: Van Nostrand Reinhold/Work in America Series, 1982.

[3] Gorlin, Personnel Practices II, 1981.

[4] Bureau of Labor Statistics, U.S. Department of Labor, "Number of Employees on Compressed Workweeks Rises, Flexitime Workers Total 7.6 Million." Press Release as reported in the *Daily Labor Report* (The Bureau of National Affairs, Inc.), February 23, 1981.

ing, informal flexitime is a common prerogative of managerial and professional personnel even where it is not a formal company policy. A few firms have managed to provide some amount of scheduling flexibility for their production work forces. (See pages 24-25 for some examples of company programs.)

Studies on flexitime typically focus on its benefits to the workplace and work environment—increased productivity, better employee morale, and so on. (See footnote 11, p. 20.) While such reports may suggest that flexitime schedules also help to ease work-family conflicts, relatively little information exists to substantiate these claims. One analysis of the Federal Government's early experiences with flexitime specifically examined the impact of this new policy on the family life of several hundred office workers.[5] Like many corporate experiences, the government flexitime program, when instituted, was widely acclaimed by its sponsors and enthusiastically received by the workers. Survey data and interviews revealed, however, that the modest form of flexitime studied seemed to be most beneficial to families who probably needed it least—those without children. As a stand-alone policy, without additional family-supportive programs, flexitime was found to provide insufficient relief to the work-family difficulties of dual-earner families with children. (The report also noted that flexitime had little effect on reconciling differences in male-female roles and expectations regarding work and family, especially responsibilities in connection with child care and housework.)

Pragmatic Considerations

The corporate view of flexitime continues to be anchored by pragmatic considerations—influenced, most likely, by some of the well-publicized company studies. Initial corporate interest in many early flexitime programs was sparked by a need to remedy employees' commuting problems—congestion on mass transit, or in downtown streets and suburban parking lots. Flexitime was adopted by other companies for different, but still practical, reasons—maximizing computer use, for example. Once implemented, however, the personal and family benefits of flexible work schedules are often noticed by managers and workers alike. Such broad popular appeal, personnel executives believe, is added assurance that few flexitime policies that are currently in place (or about to be implemented) will be rescinded or allowed to fail.

Corporate advocates of flexitime contend that, with careful planning, most business operations can run smoothly when employees are given choices regarding their work schedules. They feel that flexitime programs can be adapted to fit a variety of work situations. However, they caution that plans should provide for adequate coverage and supervision, and specific attention should be paid to internal and external communication links; the relationships of specific jobs or work units to each other; and security and safety issues.

Many companies rely on the judgment of supervisors to organize workable arrangements that incorporate the needs and preferences of individual employees. As the program is implemented, the attitudes of the managers involved will make their imprint—and those that sense a loss of control will resist the move toward greater flexibility. At one bank, for example, company policy permits employees "to work any hours at any place that the management chain believes is appropriate to get the job done." In practice, the personnel vice president reports, this means that if the senior executive in charge of a department favors fixed work times, no unit within his or her jurisdiction can operate on a flexitime schedule. Other executives, however, may encourage flexible work hours, but managers reporting to them have a chance to review the policy and pass judgment. This process is repeated down the line through all layers of management. As a consequence, what may be a broad mandate from top management may have limited actual use within the company.

Some corporations are troubled by apparent inequities that are inevitable in the implementation of programs such as flexible working hours. One East Coast firm that prides itself on offering its employees equal opportunities and benefits, does not classify its flexible work schedules as an employee benefit because not everyone is eligible to participate. Corporate managers report that it was a challenge to design a flexible-hours program that could have wide application within the firm and still offer more than token flexibility to potential users. A company brochure, prepared after the pilot phase, advised managers to proceed conservatively when they introduced the program so that no retractions would have to be made. According to a company official, more than 95 percent of the company's total work force (but only about 50 percent of the workers in its manufacturing operations) are currently able to benefit from some form of flexitime.

Management style and work flexibility are important considerations when employees request internal transfers, according to company executives. Given the opportunity, some employees will choose departments with work patterns that are compatible with their life-styles. A corporate research director in a firm with many forms of flexitime notes that one worker turned down a promotion into another department because it meant forfeiting his "flex day" option. Such competition among departments, say personnel officers, tends to put pressure on managers to permit maximum feasible flexibility.

Corporate human-resource officers familiar with flexitime dismiss the idea that the practice leads to widespread abuse. They argue that employees who take undue advantage of flexitime policies probably also know how to circumvent a fixed-hour policy. But monitoring time on the job can be a problem. Some managers admit that they ulti-

[5] Halcyone H. Bohen and Anamaria Viveros-Long, *Balancing Jobs and Family Life: Do Flexible Work Schedules Help?* Family Impact Seminar Series. Philadelphia: Temple University Press, 1981.

Examples of Flexitime Programs

Employers who say their full-time employees enjoy flexible work schedules often have in mind very different types of programs that offer varying amounts of individual choice. At many locations, for example, flexibility may be limited to a staggered-hours arrangement of starting and ending times. It can be even more restricted if the schedule is standardized for the entire work unit. Or, if it is an individualized program, it may be one that must remain fixed for a period of days, weeks or months.

In some settings, however, workers may enjoy more liberal versions of flexitime. For example, different arrival and departure times may be permitted on a daily basis. Such schedules are usually built around a core period of mandatory attendance. (If the number of hours worked per day remains unchanged, employees are sometimes said to work "gliding hours.")

Only in a select number of working environments do employees have really extensive flexibility in determining their work schedules: Such opportunities permit workers not only to make daily choices on arrival and departure times, but to vary the length of their workdays and workweeks within a given pay period. In other words, they are, in effect, allowed to "bank" time in order to "buy back" a partial or full day off later. Options such as these are not often available to persons who normally work 40 hours a week, since legislation requires that overtime premiums must be paid under certain conditions on long workdays.[1]

[1] A description of legislation affecting flexitime can be found in Gorlin, 1982, p. 7.

Some examples of the different types of flexitime in practice among the companies in this study are given below. (One company, not among those listed, reports that flexitime at its headquarters offices is so much a part of the accepted work environment that few people now remember how the policy—still officially in effect—was written.)

- The flexitime program currently in effect at Transamerica Occidental Life Insurance Company was adopted as a companywide policy in July, 1973. Starting times can range from 7:00 to 9:00 am, with a wider band offered to certain divisions. The lunch break may vary, on a daily basis, between 30 and 60 minutes, and appropriate adjustments in work schedules can be made at the beginning or end of the workday. While individual preferences are honored as much as possible, starting times must coincide with the needs of the individual work unit and must be worked out with the employee's supervisor. The company's program is based on a 38¾ hour workweek.
- Kimberly-Clark Corporation's flexitime for nonproduction employees, based on a 40-hour week, is built around a core period, between 9:00 am and 2:30 pm. when all employees must be present. A 30-minute lunch break is allowed between 11:00 am and 1:00 pm. If employees wish to use the company's health facility, they may add an extra hour to the lunch period. Since the company permits workers to put in up to 10 hours per day, employees may start to work as early as 6:30 in the morning. (Company policy states that employees are not paid overtime if they are working for their own "personal convenience.")

mately rely on employees to keep each other in check—or that their systems depend mostly on "hope and trust." Relatively few of the corporations studied use mechanical timekeeping devices to record hours worked, largely because they resemble time clocks and, for this reason, are unpopular in office settings.

Observed Consequences

Corporations that have had several years of experience with flexible working hours find that the majority of people are creatures of habit: Once employees have had a say in choosing the hours they work, they tend to keep to the same schedules for long periods of time. One personnel officer sees the situation this way: "A lot of people are more comfortable when they settle into a fixed pattern. Some are even uneasy if they are *not* expected to show up at the same time each day." Managers acknowledge, however, that their employees' working hours are often determined by commuting timetables, family responsibilities (child-care arrangements or a spouse's job, for instance), or by personal schedules (such as school attendance or sports activities).

Executives emphasize that only a few workers really require exceptional schedules. The human-resource director in a hi-tech firm notes that, in his experience, only one or two people per supervisor seem to need flexibility in their working hours. The company urges managers to make every effort to accommodate these individuals. A bank executive observes that of the 50 people she supervises, fewer than five vary their work times on a daily basis. The rest "will go for several weeks at least, if not months or years," on the same schedule. A midwestern manufacturing firm that allows office workers to adjust starting times on a monthly basis finds that women employees with school-age children, who, in the company's experience, are most likely to take advantage of this option, change their hours only a couple of times each year to coincide with school vacations.

Given options on starting times, companies find that many workers make no changes at all. And most of those who elect different hours prefer to start work early in order to have more free time at the end of the day. When American Can went from fixed to staggered starting hours, the human-resource department found that about 50 per-

Time accumulation and carryovers from week to week are not allowed.

• Pitney Bowes began using flexible schedules in a few work units in 1976. The program, primarily involving nonexempt employees in the firm's financial division, is described by company officials as a very liberal policy. It allows employees to accumulate hours in order to take full or partial days off at times of their choosing. Employees, however, are prohibited from regularly scheduling four-day workweeks. Core hours of mandatory attendance each day are only three hours in duration. While this program is specifically designed for nonexempt employees, the company's traditionally liberal view of work scheduling aids employees at all levels.

• International Business Machine Corporation's Individual Work Schedule policy (IWS) has been in effect since mid-1981. The company permits three variations to the standard work day: (1) a variable work schedule that allows daily flexibility within a one-hour band (30 minutes on either side of the normal start and end times); (2) a staggered schedule, where employees can select from several predetermined starting times; and (3) customized work schedules that are designed for unique business or personal situations. Managers determine which IWS alternatives, if any, are best suited to the jobs in their units. Some employees, such as receptionists and individuals involved in continuous manufacturing operations, are required to work fixed schedules.

• Like Transamerica Occidental Life, Control Data Corporation and Hewlett-Packard Company are long-time advocates and practitioners of flexible work scheduling. Each company's program has been in effect for more than ten years. Unlike Occidental, however, Control Data and HP both have manufacturing operations to which some aspects of the companies' flexitime policies have been extended. According to a company brochure, Control Data's flexible work schedules include seasonal hours, group flexibility, staggered start times, and (for office employees) individual flexibility. Although some production facilities are permitted considerable flexibility, most manufacturing locations are limited to a choice of seasonal (summer) hours, or another infrequent variation in shift scheduling. In all situations, the core-hour period and the maximum ranges for starting times are clearly defined for each operating unit so that overlap between shifts is controlled, and appropriate supervision is assured.

Hewlett-Packard's flexitime can be applied to manufacturing operations since only a small percentage of the company's production facilities work a three-shift schedule, a situation that company officials acknowledge is not often compatible with flexitime. However, the company can usually permit an hour's band of choice in start time even for shift workers. (Most other HP employees are able to choose within a two-hour range of start and end times.) Control Data and Hewlett-Packard both operate on a 40-hour workweek so that neither variation in the length of the workday nor time accumulation is possible.

• Honeywell's companywide flexitime program, adopted in 1982, also encompasses the firm's production work force, and is written into a negotiated contract. Although schedules must be worked out in advance within each department and remain fixed for a period of time, many production employees on the first shift, for example, can choose a starting time between 6:00 and 9:00 am.

cent of the employees kept the same hours as before; 40 percent chose to start work one-half hour earlier than previously required; and 5 percent each picked the extremes at either end—7:30 am and 9 am. A similar inquiry turned up nearly identical results in another large corporation. And the personnel vice president in a firm headquartered in a small midwestern community reports that flexitime has had a more definite—but not favorable—impact: It has brought about earlier traffic jams in the parking lot.

Most human-resource managers interviewed agree, however, that it is important to offer employees some choices. Flexitime is one concrete demonstration of trust that may help to stimulate a more productive atmosphere. Even if never exercised, the opportunity for schedule flexibility serves as an insurance policy against the time when a minor emergency occurs, or when a more lasting change in an employee's circumstances takes place (new home, new family, different stage in the life cycle, for example) that may require a shift in work hours.

Other Work Time Alternatives

Flexitime came into vogue in the United States in the 1970's when a number of other work-scheduling innovations—such as compressed workweeks, job sharing, and work-at-home opportunities (created by the computer revolution)—were also being introduced at the workplace. Most of these practices, while designed to meet particular needs of the job or the employer, can have a positive influence on employees' work and family life. Based on available statistical information, as well as responses to the Board's study, such practices are still not in extensive use. They have remained, instead, as nontraditional alternatives, usually best suited to particular job situations, or of benefit to special categories of workers who have unique requirements or preferences about their working arrangements. In more common use are such other variations in workweeks as seasonal hours and part-time employment.

Seasonal Hours

Seasonal hours are sometimes mentioned as one version of flexible working hours. Some companies specify seasonal schedules as a managerial option in their flexible work-schedule policies. Working hours that take advantage of annual changes in daylight times are typically offered to

all workers at a given location, and can be extended to production operations.

Seasonal work schedules can be altered in several ways. Employees in some firms may enjoy long weekends during the summer months—putting in extra time four days a week in order to have all or part of the fifth day (Monday or Friday) off. Other firms start the normal workday earlier during the months of daylight savings time or school-vacation period.

According to discussions with corporate executives, summer-hours programs appear to be a popular way for employers (who may or may not offer other work-schedule flexibility) to address their employees' need for personal time in a season when family members are likely to have more free time to spend together. Advocates point out, however, that seasonal hours are particularly appreciated because they are provided as a part-year benefit, rather than as a routine, year-round work schedule.

The concept of seasonal hours is sometimes a firm's introduction to flexitime. Hewlett-Packard's first work-schedule modification was a response to employee requests for early summertime starting hours in its Waltham, Massachusetts, manufacturing facility. Rather than instituting an earlier (6:00 am) starting time for everyone, however, company management decided to test a flexible work schedule in which employees could choose their starting time within a given band. The program, initiated during the Summer of 1972, proved so popular that it was immediately extended to a year-round practice, and rapidly spread throughout the company.

Seasonal schedules, while prevalent among both city and suburban employers, seem to spread geographically rather than by industry. Company officials in Westchester-southern Connecticut and downtown Chicago, among others, explain that firms resisting the trend find themselves at a recruiting disadvantage. They note further that the ability of these firms to attract clerical workers—who typically have less control over their job schedules and, consequently, have more to gain from summer hours—is most severely affected.

Compressed Workweeks

Although some types of flexitime and seasonal hours programs involve compressed work schedules, the typical shortened workweek refers to three or four long working days (of ten, twelve or more hours each) that are assigned on a fixed or rotating basis. While no recent figures are available, the Department of Labor estimates that, in 1980, compressed work schedules affected less than 3 percent of the labor force.[6]

Computer operations—programming and data processing—are most commonly associated with compressed work schedules in office settings. However, production workers in some manufacturing operations, laboratory workers, security personnel, long-haul truckers, and others may also work according to "4-10" or "3-12" schedules (that is, four days at ten hours apiece, or three days at 12 or 12½ hours each). In addition to personal considerations and job suitability, this practice is restricted by local labor regulations and federal legislation—including the Walsh-Healy Public Contracts Act, the Contract Work Hours and Safety Standards Act, and the Fair Labor Standards Act. Such laws require that employers provide overtime pay for time on the job beyond an eight-hour workday and/or a forty-hour workweek.

Generally speaking, jobs with compressed work schedules are management designed (and resisted by unions); are available only in special work settings; and are used by persons who elect to work these hours. They are likely to be chosen by individuals who want large blocks of personal time away from the job. If schedules rotate (a practice that is often resented in shift work), employees can enjoy long weekends periodically.[7] At one nonunion production operation, hourly workers and local management voted in favor of alternating "3-12" and "4-12" workweeks. Although no survey has been taken to learn how workers spend their free time, management believes that the employees are satisfied. A company spokesman suggests that alternating three and four long workdays in a week is probably preferable to the traditional rotating shift schedules employed in some of the company's other plants because it is less disruptive to employees' personal lives.

Another firm considers compressed schedules an option for any work situation that involves a 24-hour operation or other regular, longer-than-normal workday pattern. On a rotating schedule of three twelve and one-half hour days per week, employees in that company must work every fourth Sunday, but may take an extra week off every every three months. The company apparently has no problem finding applicants for these jobs. An in-house survey reveals that most people who choose this type of work are engaged in spare-time pursuits that they would not have time for otherwise.

Personnel officials observe, however, that compressed workweeks are not usually popular with employees who have child-care or other time-consuming family responsibilities (because of the long, and sometimes irregular, work patterns). One bank has had mixed experiences with compressed schedules for this reason. Although these schedules remain popular with male employees and students, an experiment in the bank's personnel research unit—a group of about fifteen women—proved to be disappointing. Interest in the "4-10" workweek waned after a few months because the women reported that the schedule was too strenuous: The extra day at home was spent doing more chores around the house.

[6] "Number of Employees on Compressed Workweeks Rises, Flexitime Workers Total 7.6 Million." *Daily Labor Report*, February 23, 1981.

[7] A number of studies indicate that shift work has negative effects on worker performance and family life. See, for example, Staines and Pleck; Peter Finn, "The Effects of Shift Work on the Lives of Employees" *Monthly Labor Review*, October, 1981; and Martin C. Moore-Ede, "Shift Schedules That Boost Health and Productivity." *World of Work Report*, November, 1984.

Part-Time Employment

According to the U.S. Bureau of Labor Statistics, approximately one out of every seven persons with a job is a part-time worker by choice. (Part-time employment as a consequence of low economic activity is not addressed in this report.) Close to three-fourths of all voluntary part-time workers are women.[8] While the majority of part-time jobs are still found in retail trade and various service industries, there is renewed interest in part-time work as a response to the working needs of changing demographic segments of employees. The General Mills study mentioned earlier, for example, suggested that family members—especially working mothers and women planning to work—thought part-time employment would make it easier for them to balance work-family responsibilities.[9] Recent trends indicate the growth in the number of part-time professional and managerial workers, and a more vocal concern among employees (and some employers) about benefit inequities that exist between part-time and full-time workers.[10]

Part-time opportunities are affected by changes in the economy. Considered "extras" in some corporations, such jobs were all but eliminated in some firms particularly hard hit by the recent recession. A personnel officer in one company explains that since company policy sets very generous benefits for its regular part-timers, and offers high rates of pay to its temporary workers, eliminating these types of jobs was viewed as a cost-cutting move. On the other hand, deregulation in the banking industry is bringing about a proliferation of part-time jobs that are also intended to save employers money.

All the companies in this study indicate that their working populations include some part-timers. Except in the retail industry, where the majority are sales clerks, most perform clerical tasks. Typical part-time workers are mothers with young children, students and older people. Most frequently, they work in routine jobs that are difficult to fill on a full-time basis, or they provide supplemental staffing for peak business hours in retailing, banking, telephone operations, and the like. One in five persons working part time holds an executive, professional or technical position.

Part-time workers can be divided into two categories: those who work on a temporary basis, and those who are "permanent" employees.[11] Most of the companies studied indicate that temporary part-timers are not eligible for any benefits. However, employees on their regular staffs, who work a minimum prescribed number of hours, normally receive such benefits as vacation time and sick leave in proportion to the number of hours worked. And current laws require that part-timers who meet certain qualifications be eligible to participate in the company's pension plan.

Few companies, however, offer medical coverage to employees who do not have full-time work schedules. Some exceptions include firms that share the cost of insurance with employees. Aside from the expense of possible benefit payouts, several personnel officers explain that they exclude part-time workers from medical coverage because they consider these employees to be secondary workers in their families and, as such, already protected by other health-insurance plans. An executive in a firm where part-time workers are covered by the medical plan follows a different logic, and reaches a different conclusion: If part-timers are secondary earners and do have other protection, only a small percentage will take advantage of these benefits and the impact on the payroll will be small.

Another reason why some companies may be able to offer medical and other benefits to their part-time employees is that this segment of the work force is often very small. At Atlantic Richfield, for example, part-timers currently account for only a fraction of the employee population. In that firm, regular part-timers who work at least two days a week receive full benefits, including company paid medical insurance.

A large number of firms represented in the study permit professionals and managers to work on part-time schedules. Sometimes combined with at-home work, these accommodations are almost exclusively limited to employees who have previously worked full time—such as women returning to work after maternity leaves and individuals attending graduate school. They tend to be viewed by employers as temporary situations in which schedules are modified in order to retain capable employees. Although many employers appear to be allowing employees to negotiate these arrangements, they are usually reviewed on a case-by-case basis and, for that reason, do not represent a large segment of the work force.

Part-time professionals who are former full-time employees with known and valued skills are likely to retain many of their former benefits—at least on a prorated basis. New York's Citibank, for example, has accommodated mutually advantageous requests from full-time professionals to switch to part-time schedules within the bank. Such individuals continue on the payroll; their salary is reduced in proportion to the reduction in their work schedule. They are eligible for benefits as well as promotions (although they are not likely to move into line positions where there are supervisory responsibilities).

In another city, experience showed a bank that the prospect of reduced benefits could have an adverse impact on turnover. The bank found that many professionals who asked

[8] *Employment and Earnings*, January, 1985, Tables 34, p. 193.

[9] Louis Harris and Associates, 1981.

[10] The proportion of part-time workers holding professional and managerial jobs, for example, increased significantly between 1980 and 1982. Changes in occupational classifications prevent comparisons with more recent data, but the trend is unlikely to have been reversed. Another indication of a growing employee segment is the formation of a professional group, the Association of Part-Time Professionals, located in McLean, Virginia.

[11] Companies used to differentiate between persons who were employed on a "permanent" and a "temporary" basis. The recent erosion in the "employment-at-will" doctrine has prompted a change in terminology. In order to avoid language that suggests job security, many companies that once commonly referred to "permanent" employees now describe them as "regular" employees.

to work fewer hours, chose to resign rather than accept the penalty of lost benefits that would occur in a part-time arrangement. The company took steps to rectify this deficiency by compensating part-time professionals at a higher rate than their jobs would normally pay on a full-time basis. (Premium pay for nonprofessional part-time work is also being offered. According to recent articles, a Cincinnati bank has succeeded in recruiting well-educated and dependable workers—principally women over age 30—for peak-hour teller jobs.[12])

Several common generalizations (and cautious attitudes) describe the way many executives view part-time jobs and workers:

- A bank vice president, supporting his observations with in-house survey results, reports that part-timers are most frequently working to supplement income, rather than to establish careers. As a result, his bank offers few career-development opportunities to employees who are not employed full time.

- Another bank official is concerned about turnover. "Our experience with part-time work has not been all that good. Our turnover rates are enormous. This means that by the time they are trained, they are gone—and all that experience goes down the drain. Maybe it's our downtown location. We can't seem to pay people enough to make commuting worth their while."

- A major retailer with a very sizable part-time work force also underscores the costs associated with part-time jobs: recruiting, turnover and administering benefits. The firm's personnel director expresses no particular enthusiasm for expanding part-time opportunities to employees in upscale jobs, or to offering more benefits—even on a cost-shared basis—than are required by law. Except for unusual circumstances, professionals who are permitted a temporary reduction in work hours (for medical or compelling personal reasons) are expected to return to their full-time schedules within 60 days.

- An oil company executive, who points to the extra costs of recruiting and training, suggests that his company would be better off without any part-time workers. His feeling, apparently shared by his firm's senior management, is that part-time jobs are occasional necessities (due to skill shortages or peak-load requirements) that are not considered very cost-effective. Part-timers in that firm receive no benefits.

- A corporate personnel manager at a hi-tech firm is lukewarm about part-time jobs. His company has never encouraged exceptional job schedules because, he explains: "Industry tends to respond only when its flanks are exposed: When you have difficulty filling a job, you need to make accommodations. A company that is highly successful in the recruiting market automatically has a queue of people waiting for any jobs that are available."

- A computer products manufacturer is concerned about building a secondary work force that would come to depend upon the company for continued employment. The firm prefers to view its part-timers as "supplementals," who are hired to fill specific jobs for defined periods of short duration. By hiring these people to alleviate temporary skill shortages, the company believes that it can remain more sensitive to changing market demands.

- A pharmaceutical company executive reports that his firm makes limited use of part-time workers. "It is always an employee-initiated request, and usually occurs as an exception to policy. If the individuals have particular skills, the company will try to accommodate their current needs." Prorated benefits are available as long as the employee works a required 1,000 hours.

Not all companies are grudging in their acknowledgment of part-time employment, however. Among the more well-known and innovative uses of part-time workers included in this study are Transamerica Occidental Life's short night shift and Control Data's bindery operation. Transamerica Occidental Life employs a work force, primarily made up of students, to supplement its regular clerical work force during a four-hour night shift that begins at 5:00 pm. Control Data operates a bindery in St. Paul, Minnesota, with an entirely part-time work force—mothers who work five hours during the school day, and students who work the additional three hours. The plant, which has provided bindery services to Control Data and outside customers since 1970, creates jobs for people who need them—and makes money for the company.

A manufacturing company executive from the Southwest is enthusiastic about employing part-time workers: "The end result is that, with part-time workers, we are doing something for a lot of different people. We are giving business experience to students; we are allowing working parents to work hours that do not interfere with their family commitments; we are making it possible for retired people to come back into the work force without jeopardizing their benefits. We are serving a cross section of the community, and getting the job done at the same time."

Job Sharing

Job sharing is a concept that is still poorly understood by—or unknown to—many corporate executives. As a concept, it is an ingenious job design that attempts to eliminate some of the negative aspects associated with part-time work—low status, poor benefits, and monotonous tasks. Jobs that ordinarily require a full-time commitment are divided so that two persons can share the same work responsibility. A manual on job sharing specifies that the ingredients for a successful job share include: (1) a job that can be split into separate, but related, assignments; (2) a supervisor who can provide continuity to the total job,

[12] "Employment: Part-Time Work Expanding Due to Changing Social, Economic Pressures," *Daily Report for Executives*, April 5, 1984.

but evaluate the sharers individually; and (3) a pair of workers who are compatible and dedicated.[13]

Because of these special requirements, job sharing is an innovation that is unlikely ever to have broad application at the workplace. As a result, this "solution" may be available to only a few of the many workers who are trying to eliminate conflicts in their work and family responsibilities. Even in giant corporations familiar with the practice and actively promoting it, personnel officers report that, at most, they know of only a few dozen pairs of job sharers among their employees.

In the experiences of the companies represented in this study, professional and secretarial jobs are the most likely candidates for job-sharing experiments. Many managerial jobs, they find, do not lend themselves to job sharing because it is difficult for employees in these situations to work for two bosses who may have different priorities. "You end up with a lot of churning motion that you don't need," volunteers a bank vice president who otherwise favors the practice.

Their initiative to share jobs often comes from a pair of employees who propose to work as a team, because both wish to work part time. Personnel executives say that, in these instances, personality differences are less likely to cause problems because the individuals involved know each other and have a vested interest in making the experiment a success.

The personnel department can also act as the matchmaker. Personnel executives in a telephone operating company designed a group of professional-level jobs that could be filled on either a shared or part-time basis, depending on the qualifications and interest of the applicants. The personnel department at Levi Strauss has acted as both the initiator and testing ground for job-sharing experiments. In that firm's experience, at least one job sharer was hired from outside the firm, after an unsuccessful effort to fill the position internally.

Most firms that have experience with job sharing are enthusiastic about the results. One executive's comment, echoed by others, is that job sharers tend to be unusually dedicated workers who often put more effort into their jobs than they are paid for. Another observes that acquiring two sets of skills for one job can be a real plus. Employers also say that this work practice is an effective way to prepare employees for retirement and, in the process, transfer job skills to younger persons.

In spite of these positive observations, many personnel executives are still skeptical. To them, job sharing is a far more difficult work arrangement to administer than part-time work, where discrete work tasks can be designed and close working relationships are not a consideration. Salary and benefits administration can also be more complicated, they find: Since tasks are interrelated, one person's job performance may affect the other's.

[13] Barney Olmsted and Suzanne Smith, *The Job Sharing Handbook*. New York: Penguin Books, 1983. See also New Ways to Work, *Job Sharing Handbooks for Employers: General Information* (1980); *Developing a Program* (1980); *Incorporating Sharers* (1981). San Francisco: New Ways to Work.

Work-at-Home Arrangements

Like job sharing, work-at-home appears to be in no danger of revolutionizing the employment scene in the immediate future. The idea, popularized by futurist Alan Toffler in his book, *The Third Wave,* is still a distant reality as a widespread practice for most employers, although many admit that home work stations may be the wave of the future.[14] Business periodicals have recently highlighted "telecommuting": Some reports have suggested that as many as 15,000 workers currently have at-home work stations, and that the number may soar to 10 million by the end of this decade.[15]

What figures are appropriate depends on the definition. By all accounts, working at home is not a neatly defined practice. While many will agree that the kinds of "home work" situations they are describing imply a network of word processors or computer terminals that are hooked up to a central processing unit, other definitions require less technically sophisticated trappings, and are probably far more prevalent occurrences at present.[16] Of the company personnel practices studied for this report, only a very few offer structured programs for working at home. Company-designed programs typically involve computer or word-processing operations, such as the widely publicized program set up by Continental Illinois National Bank several years ago (see box). Executives generally agree that formal, company-initiated programs require thoughtful planning and implementation—including a careful selection of project supervisors and at-home workers. At the present time, such efforts may be viewed as too onerous by many employers.[17]

One midwestern firm allows headquarters-office professional employees to make use of "alternative work sites": They may arrange to spend some part of their day or week working in another company office in the area or at home. A computer products firm is investigating a project to place terminals in employees' homes. However, a company official emphasizes that this management-directed effort is contemplated only for exempt employees, and is not viewed as a substitute for work at the office. Computer terminals placed in employees' homes can be used outside

[14] Alvin Toffler, *The Third Wave*. New York: Bantam Books, 1981.

[15] "Symposium on Work at Home Explores Successful Projects; Union Officials Cite Potential for Abuse by Employers." *Daily Labor Report*, November 18, 1983.

[16] Not included in this study are sales representatives, who often maintain offices at home, or industrial homework—a practice that is generally prohibited, although recently eased to allow knitted outerwear to be produced at home. As a rule, unions are opposed to any expansion of home work activity.

[17] For some current examples of work-at-home programs, see Dorothy Kroll, "Telecommuting: A Revealing Peek Inside Some of Industry's First Electronic Cottages." *Management Review*, November, 1984.

of normal business hours and, as a personnel manager points out, night-time hookups to telephone lines are considerably more cost effective.

Work-at-home arrangements, specially designed for handicapped persons, are also available at a number of corporations. In virtually all instances, however, programs must be carefully designed and are often customized to individual capabilities. For these reasons, they offer only a limited number of opportunities.

Informal solutions that are worked out on countless occasions between employees and supervisors are far more prevalent. These practices are generally not widely publicized, because they tend to be special arrangements that are examined on the merits of each situation. They often are negotiated in connection with a return to work following a maternity or medical leave. For example, when a bank lending officer, one of two specialists in a regional office, requested the opportunity to work at home for a period of time following the birth of her child, her employer agreed because her skills could not easily be duplicated. With a terminal installed in her home, and a call-forwarding system, customers probably never realized that she was not in the office. Some of the work load was shifted between the two officers—more telephoning done by the new mother, and more personal contacts by the other officer. The employee gradually phased in her return to the office.

The personnel vice president in a different bank would probably be less accommodating in such a situation. He raises a commonly voiced concern: "What is keeping us from assigning people to work at home is how to measure what they have accomplished. We want to be sure we will get dollar value for dollar paid." That executive is also uneasy about placing full-access terminals in home environments where, he believes, the potential to manipulate (or destroy) company programs would be greatly increased.

A difficulty encountered by another company manager is that people on at-home job assignments often want—or need—to spend part of their working hours in the office in order to maintain professional and personal contacts. "If you have to provide offices for at-home workers, what's the advantage?" he asks.

A Work-at-Home Project Redesigned

Continental Illinois National Bank started a work-at-home pilot project in 1978 that involved transmitting word-processing dictation tapes to home-bound operators through telephone hook-ups. During the project's start-up phase, current employees (whose skills and work habits were known to the bank's management) were recruited to participate. In the second phase, the project was expanded to include hiring employees who had never worked in the bank's offices, in order to determine if strangers could be managed in this way. Most of the applicants in the second phase of the project were women who had work-scheduling difficulties because of child-care and other home responsibilities.

When the pilot was concluded, and subsequently evaluated, it was judged a success on its human-resources and managerial aspects: Work processing at home could be directed by supervisors who were in telephone contact with their employees. From a managerial perspective, the objective of the program—to tap a labor pool that could not or would not commute to downtown Chicago—had been met. What was not acceptable to the company was the cost of the program. Although the objective was not to save money, the program was expected to carry its own weight. The pilot was halted in late 1982 because of the limitations of the technology. The bank determined that too much human intervention and machine time were required when the word-processed material was transmitted back to the office, called up on the screen, proofread and printed. In some extreme circumstances, the bank found that one in-house staff person was required for every remote operator on the project.

The work-at-home concept was not discarded, however. When the project was interrupted, money that had been budgeted for salaries was directed toward technological refinements that would reduce the need for human intervention at the workplace. The manager in charge of the project also believed that other applications for this type of work—such as credit files, work-in-progress accounts, and electronic mail accounts—might not require hard-copy output. The program has been streamlined, but it has not been reintroduced.

Chapter 4

Policies, Benefits and Services To Meet Changing Needs

WORK SCHEDULES ARE ONLY one way that corporate policies and practices can intrude upon (or ease) the off-the-job lives of employees. Company attitudes and actions concerning time away from work, the employment of family members, relocation of workers, and retirement are other policy areas in which the corporation is inextricably involved (whether it is acknowledged or not) in the lives of workers' families. Changes in family structure and work-family relationships are affecting these policies just as they are influencing the direction, proliferation and flexibility of benefits and services that companies extend to employees.

Other events are also attracting employer attention to corporate policies regarding employee benefits and services. Rising health-care costs, for example, are putting pressure on corporations to reexamine company-paid health care plans for current and retired employees. And recent legislative action affecting maternity benefits, pensions and flexible-benefit plans is causing modifications in these policies and programs—and encouraging employers to play a more active role in the legislative process.

These developments are taking place at the same time that the concept of corporate policymaking itself appears to be under scrutiny. Policies that were once spelled out in elaborate detail in manuals and other corporate directives are now frequently issued as "corporate guidelines." In many firms, management seems to prefer communicating company attitudes and positions on various issues, rather than providing directories of do's and don'ts for supervisors. Similarly, employees are likely to be referred to their supervisors for clarification of the conditions of their employment, rather than finding these details in employee handbooks. (Some of the vague language may also be attributed to changes in the concept of "employment at will," that has caused a number of employers to be more cautious in their written communications with employees.) Such changes make room for considerable differences in interpretation and application of policy (by different supervisors, at different levels within the organization, and in different business units of the firm)—a flexibility that many employers find necessary in the current business environment.

Time Away From Work

According to surveys by the U.S. Department of Labor, the Chamber of Commerce of the United States, and The Conference Board, nearly all employers with at least 100 employees provide scheduled time off with pay for their workers.[1] Despite variations due to the source of information and the size of the responding firms, the data show that virtually all employees have paid vacations and holidays, and most office personnel—but fewer production workers—benefit from paid sick leave.

It is of particular significance that the trend toward greater flexibility—already evident in the proliferation of work scheduling alternatives—is also mirrored in policies regarding vacations and other paid time away from work. Today, many employees can expect to have more control over when, and in what increments, their paid time off will be spent. Employee choices on voluntary time away from work have been increased as employers eliminate mandated shutdown periods in manufacturing facilities so that plant personnel can have vacations at different times of the year; allow some parts of vacations to be taken in long weekends, one-day or half-day increments; include some personal, or "floating," holidays in addition to holidays that are fixed by the company.

A similar expansion can be seen in the availability and use of paid and unpaid leaves of absence for a variety of personal reasons—post-maternity child care, care of a sick family member, vacation extensions, educational pur-

[1] See, for example, Meyer, 1981; Bureau of Labor Statistics, Bulletin No. 2213, 1984; Bureau of National Affairs, Inc., *Policies on Leave from Work*. Personnel Policies Forum Survey No. 136 Washington, D.C.: The Bureau of National Affairs, Inc., 1983; and The Chamber of Commerce of the United States, 1984. Coverage of small firms—considered to offer significantly fewer benefits than larger companies—is minimal in these studies.

suits, and (in a few firms) social or community service. Some employers designate special leaves by category; other firms allow employees to take "personal" leaves for a number of qualifying reasons. Companies commonly permit employees to link paid and unpaid leaves, so that they can have longer periods of absence from the job.

Rethinking Vacations, Holidays and Sick Leave Policies

Vacation allowances are usually related to length of service, although sought-after recruits are sometimes able to negotiate longer vacations as part of the employment package. In the firms studied, long-service employees (25 to 30 years or more) are eligible for up to six weeks of vacation. Vacation-accrual policies vary, but it is generally possible to carry over at least some unused vacation time to a subsequent year. A few firms, such as Atlantic Richfield, have allowed some long-service employees to take a portion of their vacation in cash (up to two weeks, in some instances). American Can is among the firms with flexible benefit plans allowing employees to use flexible credits to "buy" extra vacation time. (See pages 44-45.) Others, including General Mills, permit some workers to apply the value of a portion of their unused vacation to an investment plan for retirement.

Although personnel executives say that their firms encourage (and, sometimes, require) employees to use their vacations in large pieces of time, many recognize that lifestyles or personal responsibilities do not always make long vacations possible. Most companies now permit employees to take at least some of their vacation time in small increments—days, half-days, or even (in a very limited number of instances) hours. A bank officer relates that, some years ago, her need for one afternoon off each week to care for her infant child precipitated a change in the company's vacation policy to include half-days of vacation. As frequently occurs, practice preceded policy. Until the policy was officially changed, she and her superior agreed that her absences would be shown as full days every other week.

Business reasons often limit the degree of flexibility that companies are willing to allow. It is common practice, for example, for employers to require workers to take a minimum amount of their vacation (usually a week) in one stretch. This policy, widespread in banks and in accounting departments of other businesses, is particularly directed at persons who handle money. Company policies sometimes specify, that vacations are, as one company puts it, "for the purpose of rest and relaxation to benefit employees' health and efficiency." Personnel executives note that, while most employees do not have unlimited choice regarding their vacation time, supervisors are usually expected to take employee preferences into consideration when drawing up vacation schedules for their units.

Employee choice is more restricted in production activities. Even so, while some manufacturing operations still experience annual shutdowns, many operate year round so that production workers in these firms have more vacation scheduling flexibility. Some business executives, however, report that the most recent recession necessitated plant and office shutdowns in their firms during slow holiday periods. Employees who did not choose coincident vacations were obliged to take unpaid leaves.

Shift workers at Hewlett-Packard and several other firms benefit from a practice that permits them to take extra

Hewlett-Packard's Flexible Time Off

Beginning in January 1982, Hewlett-Packard Company began offering a combined vacation and sick-leave package, referred to as "Flexible Time Off." Under a previous policy, the company granted vacation time ranging from a low of 10 days (to employees with one year of service), to a high of 25 days (to persons with the company 25 years or more). That policy also allowed ten days of sick leave per year, and permitted unused portions of sick leave to be carried over from year to year, with a cash payout—after 20 years of service—of up to 50 percent of its value.

Under the current plan, employees receive the same schedule of vacation benefits plus an additional five days, so that the total Flexible Time Off allowed ranges from 15 to 30 days, depending upon length of service. The number of days that employees may carry over to another year is also a function of tenure. Whenever employees leave the company, they receive the full cash value—at their current salary level—of any unused or accumulated Flexible Time Off. (Employees who were with the company prior to 1982, and have unused sick leave that was accumulated under the old policy, did not lose this time. However, it is now "banked" in a separate account and subject to the withdrawal provisions of the previous policy.)

A company brochure explains that the change in policy resulted from employee suggestions and a perception that the old policy was inequitable. Elaborating on the equity issue, a company personnel officer observes that, under the old program, only 20 percent of the employees were responsible for using 80 percent of the sick time in any given year. Moreover, despite the cash payout quid pro quo on banked time, some employees with good attendance records lost out because they left the company before they were eligible to collect.

According to the brochure, this benefit exemplifies the "HP spirit." Like flexible hours, it recognizes that employees "are well able to take responsibility for the important decisions affecting their lives away from the job." The principal advantage of Flexible Time Off is that employees may use the enlarged block of time to accommodate their own personal needs—extra vacation, temporary illness, personal business appointments, illness in the family, problems with child-care arrangements, and the like—or save the time for later use or a cash benefit.

time off instead of receiving premium pay on the second and third shifts. HP workers can enroll once every three months for either option. The amount of premium paid or additional time off—5 to 15 percent—depends on the shift worked. According to a company official, about a third of the workers who are eligible choose the extra time (which translates into one to three days per month) instead of the extra money. He adds that while supervisors are not universally enthusiastic about the policy because of added burden in work scheduling, they are able to find ways to make it work.

Employees of the firms studied have, in general, from eight to eleven paid holidays. In addition, several corporations also offer up to three personal, or "floating" holidays that can be taken whenever the employee chooses. Still other companies offer a fixed number of holidays to employees, but allow local managements to schedule some of them according to regional circumstances or customs. In many firms, one or two days of paid personal leave can usually be granted, at the discretion of supervisors, to employees with acceptable performance and attendance records. Employer flexibility regarding paid time off makes it easier for workers to attend to personal business or family matters without penalty.

Attitudes toward paid sick leave vary considerably from employer to employer. The prevalent policy is to allow a fixed number of sick days per year. Some firms, however, make no mention of limits to the amount of sick leave an employee can take. These corporate executives are generally of the opinion that by allotting a specific number of days of sick leave per person per year, they will encourage employees to take maximum advantage of that allowance. When questioned, personnel officers in these firms explain that "reasonable absences" for illness are acceptable if the employee's attendance and work records are otherwise above question.

Employees with fixed-day sick-leave policies typically say that at least a certain portion of unused sick leave can be "banked" for future needs, but should not be taken as time off for other purposes. Although many human-resource representatives recognize that their employees may occasionally have to be absent because of an illness affecting a child or other family member, very few firms appear to address this issue as a specific problem. Vacation time or personal holidays, some suggest, are an adequate cushion for such emergencies. Others, however, acknowledge that workers are sometimes using their own sick leave when there is an illness in the family. And, although they are disturbed by this deceptive practice, they appear either uncertain about ways to handle such situations or unwilling to take preventive measures. One of the small number of firms to make provision for caring for sick dependents is Atlantic Richfield Company. The employee handbook specifies that up to six days of paid absence per year can be taken for emergency care of members of the immediate family, who are ill or disabled. (See box on page 32 for another firm's solution to sick leave and other personal absences.)

Maternity Leaves

Corporate policies regarding maternity leaves have changed noticeably in the last several decades. Legislation directed at discriminatory employment policies and practices in the 1960's and early 1970's was followed by the 1978 Pregnancy Discrimination Amendment to Title VII of the 1964 Civil Rights Act (also referred to as the Pregnancy Discrimination Act). The result is that pregnant employees are accorded far more equitable treatment than was common practice two decades ago (when prospective mothers were expected to resign, or were fired). However, as Columbia University family-policy specialists, Sheila Kamerman and Alfred Kahn point out, U.S. policy regarding maternity has a curious thrust: Current laws classify maternity as a "disability." This negative inference that motherhood is a "handicap," they conclude, may be an important reason why maternity leaves beyond the medical necessity are rare among all but the largest U.S. employers.[2]

According to their recent Columbia University survey that studied practices in about 200 companies, only one firm in four (among those granting maternity leaves) specifies that new mothers may be absent from their jobs for more than three months. The incidence is higher among companies that have more than 500 employees, but even among those firms almost half had policies restricting maximum leaves to three months or less. Underlying these broad time limits is the added qualification, in even the most generous of policies, requiring women to take a major portion of that time off as an unpaid leave of absence. Women are typically paid only for the "disability" portion of their absence from work. In common practice, this pay period amounts to about six weeks for a normal pregnancy.

The Pregnancy Discrimination Act does not obligate businesses to provide health insurance or disability leaves for pregnancy and childbirth if they are not available for other medical conditions. Where no coverage exists, none is mandated. All the companies in the current study include maternity benefits in their health-insurance plans. They also offer some form of paid maternity leave—via sick-leave benefits, salary-continuation plans, short- or long-term disability insurance coverage, or a combination. Although a few employers continue full salaries during short-term disabilities, employees in most other firms receive a combination of full and partial salary.

Unpaid leaves that extend beyond the disability period (either prior to or following delivery) are common practice among large employers, such as those in this study. AT&T, Hewlett-Packard, CBS, and a number of banks (including Security Pacific and Continental Illinois) are among the companies that specify the availability of parental (or child

[2] Sheila B. Kamerman, Alfred J. Kahn and Paul W. Kingston, *Maternity Policies and Working Women*. New York: Columbia University Press, 1983.

Maternity Leaves Debated

The 1978 Pregnancy Discrimination Act specified that employers who offered disability benefits and leaves of absence for illnesses would have to expand their definition of disability to include pregnancy. In a 1983 decision interpreting this Act (Newport News Shipbuilding and Dry Dock Co. v. EEOC), the Supreme Court upheld the 1979 EEOC Guidelines in determining that the same nondiscrimination principle applies to medical benefits accorded to spouses of employees.[1]

Maternity leaves are still a much-debated issue, and the question of discrimination has once again become a national dispute. A 1979 California state law—which required employers to provide unpaid maternity leaves (of up to four months) and to guarantee job reinstatement to the returning employee—was overturned by a federal district court judge in early 1984. The ruling determined that the statute discriminated against male employees on disability leave because they lacked similar job protection. (When the law was passed, say the proponents, it was intended to upgrade women's job security to parallel the disability benefits they believed were generally already available to men.) The State of California is appealing the decision.[2]

Women's groups—including the National Organization for Women, the League of Women Voters and the National Women's Political Caucus—and the American Civil Liberties Union, are in favor of gender-neutral statutes, because they believe that setting women apart from men, and singling them out for special treatment, ultimately works to the disadvantage of women's causes. They indicate, however, that the remedy lies not in eliminating the four-month job-protected leave, but in extending these same benefits to all persons who are on disability leaves. (Another suggested solution is to extend paternity leaves to men.)

These groups are in conflict with other women's advocates who believe that pregnant employees should receive special treatment, just as handicapped employees are accommodated in special ways. The special protection recognizing women's unique childbearing capability, they say, makes it possible for women to gain equal access at the workplace.

A number of states currently offer protection to pregnant employees. Several (California, Hawaii, New Jersey, New York, and Rhode Island, as well as Puerto Rico) extend temporary disability benefits, similar to workmen's compensation, to women on maternity leave. Job-protected leaves (of varying lengths), are guaranteed in Hawaii, Massachusetts, New Hampshire, and Puerto Rico. (Similar laws in California, as noted, and Montana have been overturned.) Employment discrimination on the basis of pregnancy is prohibited in nineteen states, the District of Columbia and Puerto Rico. One such law, in New York, prevents employers from *requiring* maternity leaves of pregnant women who are in good health.[3]

[1] "Pregnancy Limitation for Coverage of Spouses Discriminates Against Male Employees, Court Says," *Daily Labor Report*, June 20, 1983.

[2] "California Maternity Law Discriminates Against Men, Federal Judge Concludes," *Daily Labor Report*, March 26, 1984, p. A-1; Tamar Lewin, "Maternity Leave: Is it Leave Indeed?," *The New York Times*, July 22, 1984; "Women's Groups Seek Extension of Invalidated California Maternity Law," *Daily Labor Report*, November 13,1984.

[3] "Impact of Pregnancy on Employment Remains Unsettled Labor Relations Issue," *Daily Labor Report*, December 5, 1984.

care) leaves of absence in their company policies. Leaves are typically limited, however, to salaried members of the work forces. A few corporations also consider adoptive parents to be eligible for parental leaves of absence. (See box on p. 35.)

Many other firms—probably a majority of those granting such time off—indicate that a leave of absence following childbirth is treated as a personal leave. According to some company policies, reasons for personal leaves can be divided into two distinct categories: those for "compelling personal reasons" and those that are "discretionary." Since requests for time off to care for a newborn child belong in the first category, these employers are likely to provide assurance about the availability of the employee's job at the conclusion of the leave.

Economic reasons—the company's willingness to provide a job guarantee and the employee's ability to afford an unpaid leave from work—probably determine the length of most parental leaves of absence, although attitudes toward child rearing and career are also important. Most of the firms studied provide some degree of job guarantee to women on maternity leaves. Some company policies are explicit. As one West Coast employer states: "A postnatal leave is not an extension of the medical leave but is, rather, a personal leave with a job guarantee for the two-month period immediately following the end of disability." In that firm, an employee can usually expect to return to the same job. Similarly, Security Pacific Bank's "New Child Care" leave guarantees the returning employee a job at the same level within a reasonable geographic distance from the one that was left. The leave, available to the natural mother, father or adoptive parent, amounts to 60 working days beyond the normal disability period (if there is one). According to company spokesmen at both corporations, employees tend to take the maximum amount of leave time to which they are entitled.

Other firms that traditionally offer a large measure of job security also indicate that early returns from leaves are uncommon. Personal leaves in one corporation are granted for various periods of time up to one year and, once negotiated, imply a job guarantee to that employee. That firm collects no companywide data concerning maternity leaves per se, since reasons for personal leaves are known only to local managements. However, one personnel director reports that more than 90 percent of the new mothers in a field location where she worked took the full leave as negotiated.

CBS' policy, as defined for office personnel in New York, guarantees a six-month leave of absence to either parent following the birth of a child. Although company policy makes provision for the temporary replacement of an employee on leave, it specifies that the replacement employee will be moved or terminated when the regular employee returns. Job guarantees are not available to new parents who wish to stay home longer than six months. CBS officials indicate that the company will make an effort to accommodate special requests, but that reinstatement following longer leaves may be denied because of "changed conditions."

A number of other corporations, particularly those that suffered during the 1981-1982 recession or are undergoing significant organizational changes for other reasons, also hedge on job availability. Work-force reductions and low turnover rates mean few job openings for employees returning from extensive leaves. Corporate executives in firms undergoing internal reorganization note that employees sense the hazards of taking extended leaves. They tend to return to work at the end of the statutory disability period or very shortly thereafter.

Other corporations are reluctant, as a general rule, to grant personal leaves to employees. Said an official in a midwestern manufacturing company: "Administratively, we've been pretty tight-fisted. Leaves are granted only in extreme need." His firm is now reviewing that policy in the light of recent demographic trends. Officials in that company find that experienced (and valuable) professional women, who are having first pregnancies later in life, are requesting extended leaves. Since the company has a vested interest in long-service, skilled employees, a six-month child-care leave is under consideration. The current policy of a limited job guarantee will be continued, however.

Many companies find it difficult to cope with long absences due to pregnancies and child care—probably one important reason why parental leaves are less prevalent in smaller firms. Officials observe that long leaves for professional women can cause significant hardships to business because of problems in covering their responsibilities during their absence. In one case reported, a personnel-staff executive had pregnancies in three successive years, and was out on leave for three months each time. A major accounting firm is facing maternity leaves as an emerging issue: Women are beginning to move up to the partner level. However, personnel officers in other firms observe that most professionals have a strong commitment to their jobs.[3] They tend to be available on call, and often arrange part-time work

Special Benefits to Adoptive Parents

A number of major corporations make special benefits available to employees who are new parents of adopted children. AT&T, Time Inc., and Security Pacific Bank are among the companies that allow adoptive parents to take advantage of the same new-child-care leaves accorded to natural parents. Even so, the length of the leave can sometimes pose a problem for an adoptive parent. One personnel officer notes some adoption agencies require one parent to remain at home for a year following adoption—considerably longer than the company allows for natural parents.

IBM was one of the first companies to provide a cash benefit to adoptive parents to help them defray some of the costs of adoption. Others that offer this benefit include American Can, General Mills, Xerox, Pitney Bowes, Honeywell, Time, Procter & Gamble, Control Data, and Security Pacific Bank. In general, companies will pay 80 percent of certain expenses related to adoption, up to stated maximums ranging from $1,000 to $2,500. Eligible expenses usually refer to agency, legal and court fees, plus the cost of a medical examination for a newborn child. Some companies will also consider maternity fees for the natural mother, foreign adoption fees, and transportation costs as covered expenses. Adoption costs are sometimes disallowed if one parent is the child's natural mother or father, although IBM will cover legal fees for adopting a stepchild.

Adoption assistance—either in the form of time off or a cash reimbursement for specified expenses—is typically a stand-alone benefit. Employers that aid adoptive parents say they offer benefits because they are concerned about equity. They believe that adoptive parents should have some of the same (or similar) kinds of protection to which natural parents are entitled. A recent study by the National Committee for Adoption reports that 41 (mostly large) companies offer financial assistance to adoptive parents. Another survey by the Bureau of National Affairs indicates that less than one out of four employers with maternity-leave policies makes it possible for an adoptive parent to take time off from work to care for a newly adopted child.[1]

Human-resource executives note that adoption benefits are of minimal cost to corporations since use by any employee population is likely to be very low. They belong to that category of extras, however, that help define the company as a caring organization.

[1] "Adoption Aid Said Growing as Benefit for Employees." *Daily Labor Report*, December 28, 1984.

[3] A study from Catalyst—an organization concerned with promoting the full participation of women in corporate and professional life—indicates that 68 percent of career-minded wives who become mothers are absent from work 18 weeks or less, and the median leave is 12 weeks. *Corporations and Two-Career Families: Directions for the Future* New York: Catalyst, 1981.

or work at home so that they can maintain continuity with the job.

Although a few corporations (AT&T, Procter & Gamble, Security Pacific Bank, Control Data, CBS, among them) specifically extend parental leaves to new fathers, none of the firms studied reports high usage. Human-resource executives in these firms (and others) speculate that more men are probably taking time off for child-care purposes, but many are making use of vacation or personal-leave time to do so. One personnel official in the Midwest (in a firm without such a leave policy) suggests that male executives in her firm would have to be "very secure in their sense of themselves and their position in the company" before they would venture a request for a paternity leave.

Other Personal Leaves of Absence

Corporations also allow employees to take leaves of absence for a variety of other purposes—educational, personal development, or social-service activities. These opportunities recognize changing personal concerns of employees, and may also have peripheral benefits to family members. Some examples:

- Social-service leaves are available at Xerox, Wells Fargo Bank, IBM, and elsewhere. Employees continue to receive full salary and benefits from the company while working in a community-based nonprofit organization. Such leaves can be as long as one year, and in some instances serve as a bridge to retirement.
- Educational leaves are offered to employees at many companies, including Atlantic Richfield, AT&T, IBM, and others. These unpaid leaves usually require appropriate documentation from an academic institution. Leaves may be several years in duration, with a limited job guarantee.
- A "personal growth" leave can be taken at Wells Fargo Bank. Employees with 15 years of service may apply for leaves up to 90 days in duration, at full pay and benefits, to pursue a personal interest. Employees are expected to have specific goals in mind and to be able to justify the project as one that could not be undertaken if working full time.

Employment of Family Members

Corporate positions on nepotism can no longer be drawn in black and white. Several decades ago, the composition of the labor force made things much easier for employers: Fewer households had multiple earners; fewer nontraditional families existed; fewer women were in the labor force; and, because there was greater segregation of the sexes on the job, men and women had less opportunity for social contact at work. Under those conditions, corporate policies on nepotism (or anti-nepotism) could be straightforward. A company could state, for example, that no family members of workers would be employed by the firm. Or, if the employment of family members were permitted or encouraged, the policy could be worded to forbid working relationships where one family member exercised control over another's career. Policy statements like these took care of most problem situations.

Many corporations, of course, have always encouraged employment of family members. "Good employees are usually related to other good people," observes an employee-relations director of a large textile firm. Firms like this one, often evolving from family businesses, see no problem in such employment policies. Kaiser Aluminum and Chemicals, Quaker Oats, Pitney Bowes, Pfizer and others take pride in the fact that several generations of the same family have worked for their companies over the years, and that several members of one family are typically employed at any given time. But other firms that object to nepotism in this form continue to raise the typical complaints: It creates unwanted channels of communication between employees at different levels of responsibility; it leads to personal (and personnel) problems connected with promotions, transfers or disciplinary action; it has a potential effect on absenteeism in the event of family emergencies, since more than one family member will be involved.

Company policies that attempt to regulate employment practices and work relationships of family members, deal only with the obvious concerns, however. It is a normal practice today for corporations to have policies that prohibit members of the same family from working in direct reporting relationships, in the same department, or in positions where they have access to confidential personnel information. Many corporations may also specifically deny employment to relatives of senior corporate officers, a prevalent prohibition in the banking industry. While such rules against favoritism—where they exist at all—seem to be holding fast, others are being relaxed or abandoned.

Many recent changes in nepotism rules are in recognition of the increased number of working couples in the labor force. One pharmaceutical company used to fire couples who met and married on the job; now it only prohibits couples from continuing to work in the same department. Other employers require one spouse to leave, with the decision based on seniority or, sometimes, allowing the couple to make the choice.[4] A Chicago manufacturer has made a more modest adjustment in policy:

> Couples who marry while employed by the firm may now continue to work at the same site, but are not permitted to be in the same work unit. Other married couples or related persons in that firm's employ, however, are still prohibited from working at the same location.

A somewhat different view is expressed by an East Coast employer. The firm's concern focuses on marriages between employees who have jobs in which one partner can influence the other's career. In such situations, a different job (with

[4] An arbitrator recently determined that an employer could not discharge a worker who married another employee, in a situation in which both parties had been employed by the company for more than five years and had good work records. See "Arbitrator Says Marriage is Not Just Cause for Dismissing Worker," *Daily Labor Report*, August 10, 1984.

no change in pay) will be sought for one of the spouses. The company handbook emphasizes, however, that neither partner will be dismissed. (For some other views see accompanying box.)

A Dallas bank revised its nepotism policy in order to hire working spouses of new recruits moving to that city from other areas. Another employer deliberately sets out to recruit professional couples. If relocation is involved, the company sees the practice as a money-saver: Two employees can be hired at the price of one move. Others in corporate management, however, are uneasy about the increased number of married couples in their work forces, particularly when both are in professional or managerial positions. Problems arise, for example, when one spouse is transferred. The company has a responsibility to find employment for the "trailing spouse," whose skills may not be needed at the new location.

Other changes in nepotism rules are prompted by different circumstances. An executive, whose firm has recently scrapped most rules about hiring relatives, notes that anti-nepotism policies place unnecessary limitations on employment, compounding an already acute labor shortage in that firm's area. Similarly, in rural locations, where a company facility may be the community's principal employer, a restrictive employment practice of this nature can be particularly burdensome on the employee and the employer alike.

Some corporations are reviewing policies concerning hiring relatives in order to assure that summer jobs are available to employees' children. At least one firm that encourages this practice is careful to avoid one principal complaint about nepotism—that relatives of company executives are favored. The company, a bank in the Southwest, makes a deliberate effort to counter this charge by allowing only half of the summer job openings to be filled by children whose mothers or fathers are in management positions.

But these are still the easier issues related to nepotism. The more difficult problems, involving subtle relationships, are handled informally—or ignored. Officials in some companies view nontraditional (and not legalized) relationships of employees as a problem; others are of the opinion that the corporation should have a "hands-off" position on the issue. All who were questioned agree that it is virtually impossible for any company policy to address equitably the varied relationships that exist between people today. Some comments by human-resource professionals express various company attitudes on this subject.

•"It's not a big problem. We find that most people are uncomfortable if they are put in charge of (or report to) a member of their 'extended family.'"

•"We will intervene if we see a potential conflict of interest. But we treat each situation as a separate case."

•"We take the position that an unmarried-couple relationship is a temporary situation, and have chosen not to deal with it. Some people will voluntarily request transfers; others feel it is a private matter that doesn't concern the company."

•"We make no effort to separate unmarried couples in awkward work relationships. It's a question of acting on one obvious situation when you don't know how many others have closet relationships."

Love and Work: Does The Company Win—Or Lose?

A recent *Harvard Business Review* article examined the potential consequences of romances that develop in executive offices, and concluded that the company's interests must be preserved.[1] According to the author, this means that one member of the couple—the one less valuable to the company—should leave or be asked to leave. For all practical purposes, the author argues, the departing employee would almost always be the woman, since she is likely to be lower in rank and tenure than the man.

Predictably, the article produced a number of critical responses, including one illustrating the "hands-off" view that is quoted, in part, below.

"In a lifetime of working I have managed enough people to develop my own golden rule for performance evaluation: judge people by how well they do their jobs. The further we stray from that basic consideration, the closer we come to invading individual rights concerning such things as religion, sexual preference, politics, and race, none of which is the corporation's business."[2]

Another article, that appeared on the editorial page of *The Wall Street Journal*, addresses the same subject in a summary of findings from a survey of 112 executives.[3] The authors conclude that office-plant romances leading to marriage generally pose no problems. Executives surveyed did express concern, however, about unmarried-couple relationships and, in particular, illicit affairs between married employees, especially those in which a superior-subordinate relationship is present. Based on their limited survey, the authors offer the following general observations.

"Many companies will tolerate a relationship between superior and subordinate if it: is not conducted on company premises; does not utilize company facilities, such as a company-rented apartment; involves no company funds, for example, use of business credit cards or expense accounts to entertain a sex partner; does not divert energy from effective work performance; is not furthered on company time; does not damage the company's public image; is not deliberately flaunted in a way that offends the sensibilities of others in the organization."

[1] Eliza G.C. Collins, "Managers and Lovers," *Harvard Business Review*, September-October, 1983.

[2] Letter to the Editor, from Robert Schrank, Visiting Professor, Cornell University, School of Industrial Relations, appearing in the *Harvard Business Review*, January-February, 1984.

[3] Mortimer R. Feinberg and Aaron Levenstein, "Sex and Romance in the Office and Plant," *The Wall Street Journal*, November 29, 1982.

Relocation Policies

The prevalence of working couples, recent experience with double-digit inflation, and persistently high interest rates prompted many employers to review their relocation policies and practices in the 1980's. The cost of relocating employees has taken on major proportions. It is estimated by study participants and other employers that many firms currently spend in the neighborhood of $35,000 per employee in domestic relocations, and considerably more for overseas ones. (Relatively stable prices in the last few years have taken some of the pressure off rises in these costs.) As a result, personnel executives interviewed say that corporations can no longer afford to arrange transfers without taking into account the personal preferences of their employees and, by extension, the impact on their families: Bad moves compound the company's costs. (This new attitude toward relocation contrasts sharply with the prevailing corporate view of the early 1970's when, according to a Conference Board study, managers and professionals constituted a new class of "upper strata migrant workers."[5] Corporate executives in their prime years could, at the very least, count on being transferred once every five years.)

With economic and family considerations so important, many corporations that routinely move large numbers of employees (or are involved in starting up new facilities) will offer a comprehensive relocation-assistance program for employees and family members. In general, most corporate relocation activity is concentrated at the managerial and professional level. But new facilities need to be staffed with a full range of occupations.

Union Carbide Corporation and AT&T made special efforts to encourage support personnel to relocate when the firms moved their headquarters out of New York City. Following the divestiture, and the construction of new executive offices in midtown Manhattan, AT&T transferred a number of employees from its New Jersey corporate offices and other more distant locations back to New York City. The company discovered, however, that many employees were not interested in "reverse relocation"—into the city or its more congested suburbs, and offered to subsidize employees' commutation expenses to and from their current residences for a period of five years.

When Diamond Shamrock Corporation moved its corporate headquarters from Cleveland to Dallas, its relocation assistance—extended to all its employees—included not only practical information about community services, but also employment assistance for spouses and professional counseling to help family members in their personal adjustments to the community.

More common, however, are the executive transfers, sometimes involving a single person but, more frequently, an entire family. While spouses usually participate in the moving process, some firms also encourage employees to include children on house-hunting trips so that all family members can contribute to the selection. Other companies conduct follow-up surveys after moving an employee to determine if additional services are needed by the relocated family.

Many firms take an active role in finding jobs for "trailing spouses," and often consider hiring spouses who have accompanied the transferee. Husbands or wives who are already employed by the company get first priority on jobs in the new location. If no job is available, some corporations will provide leaves of absence so that the affected employees are able to bridge their service with the company and maintain benefits. Other firms will assume a portion of the costs related to a job search (e.g., resume preparation, employment counseling, and the like) for a spouse, whether or not employed by the company. And a number of companies will consider hiring nonemployee spouses if their job skills are appropriate.[6]

Despite these efforts, moves can be disruptive to the careers of working couples. The personnel director at a fast-growing hi-tech firm admits, for example, that the company has not paid sufficient attention to job opportunities for spouses when sites have been selected for new facilities. Since most executive transfers in that firm are associated with the company's expansion, such moves are considered to be one-time events for an employee. As such, they may pose significant problems for the employee and his or her family, if the job market and other resources in the community are inadequate.

Other human-resource professionals also observe that employees are increasingly resistant to company-initiated moves—in part because of a working spouse, but also because of the potential disruption to the whole family, changes in the standard of living, or a desire to be close to parents or other extended family members. In sum, there are many reasons to stay put, according to one bank vice president: "The people we are hiring today have a good idea of what they want to accomplish as individuals. They have geographical preferences, job preferences, and many outside interests that occupy their time. The attitude, 'what's good for the company is good for me' no longer exists."

Generous relocation packages that include financial incentives and other benefits are enticements that do not necessarily "buy" the individuals whom corporations wish to transfer. Moving corporate facilities can backfire. While Diamond Shamrock, for one, reported success in moving most of its Cleveland-based staff south, another firm, also involved in starting up a new operation in the South, encountered more difficulty. Reluctance in the second instance was attributed to the location (northern Florida) and to the lower prevailing wage rate. Another situation involves a firm that maintains headquarters facilities in two very different cities in different parts of the country.

[5] Harriet Gorlin, *Elements of Corporate Relocation Assistance Policies*. The Conference Board, Report No. 715, 1977.

[6] For a more extensive discussion of relocation and its effects on families (with a particular focus on dual-career couples), see Catalyst, *Human Factors in Relocation: Practices and Attitudes from the Corporate and Employee Points of View*. New York: Catalyst, 1983.

The company has come to recognize that employees based in one city are generally not amenable to living in the other. (Recent newspaper articles echo similar problems of employee resistance to relocation for other companies: Georgia Pacific Corporation's cross-country relocation of its corporate headquarters from Oregon to Georgia, and Aetna Life Insurance Company's considerably shorter move from downtown to suburban Hartford, Connecticut.[1])

Penalties for refusing transfers no longer appear to be as severe as they were a number of years ago. Some company executives go so far as to say that they have been totally eliminated. Most personnel officers interviewed are more realistic, however. They concede that turning down a move closes off opportunities that may not again be available to that employee. Still, the stigma of refusing to move can be minimized by the way a corporation selects its candidates. Company executives are sometimes able to determine from career-planning discussions, for example, which employees are most receptive to relocation (and what areas they prefer), so that difficult choices are not forced upon employees who do not wish to be transferred. Sometimes, though, a company is able to respond to an employee request. One firm, whose business requires a considerable amount of mobility, was able to accommodate one of its executives, who wished to be transferred to a midwestern city for a period of time in order to be close to his aging parents who were in poor health.

Along with the financial constraints and human considerations—or, perhaps, because of them—some company officials are also questioning the costs and benefits of the management practice of rotating personnel among widely spread operating units. The net result is that a number of firms are experiencing fewer personnel transfers. Companies that favor relocation as a career-development tool may now make an effort to confine moves to a single geographic area so that households need not be uprooted. One firm tries to schedule major relocations early in the employee's career, when there is likely to be less conflict with family responsibilities. Another will subsidize commuting costs in moves that are considered temporary.

Another consequence of a scaled-down relocation effort is that corporations are now also looking more closely at local talent. Persons either already employed by the company at that site, or located elsewhere in the area, are being considered as candidates for jobs that routinely went to transferees in the past. Corporate executives comment that field operations may enjoy greater continuity of management direction and local credibility from such decisions. On the other hand, they also note a possible disadvantage: Fewer moves among fast-track executives may produce a senior management that has less understanding of corporate strategies and operating considerations, and

[1] L. Erik Calonius and Erik Larson, "Long Road Home: Georgia-Pacific's Trek From West to South Rattles Many Workers," *The Wall Street Journal*, September 30, 1982; Jeffrey Schmalz, "Aetna's Troubled Move: Many Won't Go," *The New York Times*, November 10, 1983.

Relocation—Keeping the Children in Mind

Baxter Travenol Laboratories prepares special kits for children of employees who are being transferred by the company. A 1981 survey of employees convinced the company that its relocation policy required greater emphasis on the family aspects of employee transfers. Although the company currently moves less than 5 percent of its employees each year, the relocations that now occur are considered critical. The company has found that a heightened sensitivity to personal and family considerations has paid off.

The concept of the travel kits originated in the relocation department, and became a personal project of the department's manager, who has children of her own and has experienced several moves. Ideas about specific products for the kits came from staff members within the relocation department. According to the company estimates, close to 2,000 kits have been distributed since they were first issued in the Fall of 1981. (The company assumed an average of 1.8 children per transferred employee when stocking its initial supply of travel kits.)

Materials in the kits, prepared for children of different ages, attempt to address relocation from the child's perspective, making an effort to emphasize the positive aspects of moving. A cartoon-character logo and "On the Move" motto identify many of the individual items provided in the kits. Small children receive several items packed in heavy cardboard boxes with handles that resemble briefcases. Each box contains a T-shirt (sizes start at 18 months), a scrapbook to record the process of the move, a coloring book that contains positive images about moving, crayons and a tote bag that can serve as a school bag at the new location. Older children get T-shirts in different colors, notebook binders, stationery, key chains, and address books. Items are designed to help the relocating child focus on the new community, new house, and new friendships while still remembering old friends. The company finds that although most of the items appeal to children under 15, many older teens (particularly the girls) like the T-shirts and sports bags that are included in the offerings to this age group.

Travenol's relocation department asks parents to select the appropriate travel kits for their children. Contents can be combined in different ways to appeal to children of various ages. Travel kits can be picked up by a parent before the move for use during the transition. Or, if the parent prefers, the relocation department will send kits to the new address so that the children can have packages waiting for them when they arrive.

The company reports that the travel kits have been enthusiastically received by transferred employees and their families. Informal feedback reaches the department from parents when they make the kit selections and through letters from spouses and children who have been moved. Follow-up surveys of transferred employees that inquire about the entire relocation process have been almost universally positive.

a more limited sense of the corporate culture and other intangibles that affect the working environment.

Retirement Policies and Programs

At age 65, the average male today can expect to live another 15 years; the average female, 19 years. Incremental increases in longevity (more notable among women than men) run counter to the decline in labor-force activity among older workers. At the present time, persons who retire from the labor force can, on average, expect to have a fifth or more of their lives still ahead of them—and to spend much of this time in reasonably good health. An analysis published by the Bureau of Labor Statistics suggests that the nonworking older population will grow by almost a third between now and the year 2000—to about 30 million persons. Moreover, this population expansion is expected to accelerate after the turn of the century, if labor-force participation rates continue to decline.[8] (See box on p. 9 for various demographic considerations.)

While statistics document a rising number of older persons outside of the labor force, debate continues on a number of issues. There are, for example, differing points of view on whether the continued trend toward early retirement, coupled with fewer young people entering the labor force, will produce a tight labor market in future years. There is no firm consensus as to what effects the wave of early-retirement incentives offered by employers in the last few years will have on the future labor-force attachment of older workers or on corporate human-resource planning. There are also divergent views on the preferences for and availability of work opportunities for older employees.[9] These issues, plus a variety of family factors, would suggest that employers should be taking a close look at retirement policies and programs in the years ahead, just as they are already focusing on the burgeoning health-care obligations that retiree medical plans represent.

Fewer than half of the 500-plus firms responding to a Conference Board survey on corporate personnel practices several years ago reported offering counseling services to employees nearing retirement age.[10] According to the findings, the primary purpose of such an effort in a majority of firms is to explain options in financial and medical benefits, with more comprehensive preretirement programs available in only one out of every six companies questioned. The survey also found that the spouse is rarely included in companies that offer seminars or other group programs.

The current study indicates that many corporate executives believe that programs offered by their firms do not do a good job in helping older employees plan for their retirement years. Some personnel executives explain that retirement is not a critical issue in their firms, given the demographics of their current work forces. Many hi-tech firms, for example, are organizations that have younger-than-average work forces. Consulting firms that deal with retirement planning indicate, however, that they sense a growing interest in retirement planning—quite possibly related to the early-retirement incentives being offered as a means of downsizing corporate work forces.

Other companies recognize that retiring employees are making a major transition in their lives, but even these employers may not have taken steps to develop a service to meet the need. "It is a program that we plan to put together over the next year or so," comments one personnel officer from a West Coast manufacturing firm. "Even though we have all the resources here in our corporate headquarters to develop a more effective service, we still do an inadequate job. But the situation is far worse in some of our field operations: A person retiring may simply receive a final paycheck without any direct contact from management."

Another manufacturing executive reports that a seminar, offered several years ago for a large group of older workers in the firm's corporate headquarters, has not been repeated. The company currently supplies only an information packet and a financial-planning guide. A bank vice president, who is also concerned about services offered by his firm, would like to add "a couple of personnel officers" to his staff in order to organize preretirement programs and to follow up with retirees later on.

A growing number of firms, however, are beginning to recognize that changing work and family relationships require new approaches not only in retirement policies, but also in the types of services provided to their mature work forces that will help to make the transition into their retirement years easier and, in some cases, less abrupt. A number of firms also sponsor clubs, service programs, and other activities for their employees who are retired.

Some examples of seminar programs and special benefits now available to older employees are described below.

- Kaiser Aluminum offers a service called KARE (Kaiser Aluminum Retirement Education) that consists of a one-day program for the employee and spouse to discuss financial and nonfinancial aspects of retirement. The focus, however, is on job-skill development rather than on personal issues. For headquarters personnel, the meetings are scheduled on Saturdays, and held in the corporate offices. Plants have similar programs at their locations.
- Allstate Insurance Company offers an extensive program for employees, beginning at age 55; spouses are encouraged to participate. While the focus is primarily on

[8] Malcolm H. Morrison, "The Aging of the U.S. Population: Human Resource Implications," *Monthly Labor Review*, May, 1983.

[9] Among the many recent publications and articles that discuss these issues are: Shirley H. Rhine, *Managing Older Workers: Company Policies and Attitudes*. The Conference Board, Report No. 860, 1984; James M. Jondrow, Frank Brechling and Alan Marcus, *Older Workers in the Market for Part-Time Employment. Research Report Series 83-06*. Washington, D.C.: National Commission for Employment Policy, 1983; "Pensions: Bottom Line, Not Needs of Elderly Motivate Employers to Change Benefits," *Daily Labor Report*, September 7, 1983; Peter F. Drucker, "Executives are 'Aging' at 42," *The Wall Street Journal*, March 7, 1984.

[10] Gorlin, Personnel Practices: III, 1981.

benefits issues and financial planning, some regional operations include emotional and psychological considerations. Seminars take place on company time, and generally cover two full days.

• Wells Fargo Bank's preretirement counseling service is available to all ages, is directed at the employee and his or her spouse, and deals with a wide range of issues, including such broader issues as health maintenance in later years. The bank's program, an attempt to encourage retirement planning at a young age, is organized by the Personnel Division's Employee and Retiree Relations Department. The department can put employees in touch with a variety of resources for retirement and life planning, and also serves as liaison with retirees.

• IBM's preretirement counseling service began as a corporate program in early 1980, and is available to employees and their spouses five years prior to retirement. The two-day session—that covers the usual benefits, financial and tax matters—may also include presentations by specialists and discussions on health issues related to aging, time use, and psychological considerations. The company maintains annual contact with retired IBMers, and has retiree coordinators living in Florida and California. In addition, the company's Retirement Education Assistance Plan (REAP) provides financial assistance to employees nearing retirement and their spouses to finance educational programs that help develop a hobby or provide skills for a second career. The company will reimburse an employee up to $2,500 for courses completed. Company officials report that the program has proved very popular, but add that estimates on usage are based on financial data, not opinion surveys.

Phasing in retirement, by gradually reducing the working hours of an older employee, can be an attractive option for all concerned. The company has the opportunity to train a younger worker to take over the job of a person nearing retirement, and the worker is able to make an easier adjustment to a different life-style. But pension benefits can be a problem: If calculated according to a "final pay" formula, employees can be adversely affected by a prolonged period of reduced working hours at the end of their careers. (Such pension plans, unlike those that take into account a career experience, tie benefits to an average of the highest annual earnings of a worker's final years of employment.) Some companies with phased-retirement programs eliminate the problem by calculating pension benefits as though the individual worked full time.

Some human-resource executives suggest that companies should encourage persons nearing retirement to work reduced schedules (such as a four-day week) but should continue to pay their full salaries, thus overcoming the pension difficulty. A human-resource director, who supports this position, says: "The company always wins in these situations because employees will tend to compensate for their short workweeks by being more productive when they are on the job." Pitney Bowes offers long-service employees a limited version of this concept. Employees with 25 years or more tenure are able to "practice retirement" with extended vacations every fifth year. Added to their normal vacation of five weeks, employees in their 25th year may take another four-week paid leave, for a total of nine weeks. In their 30th anniversary year, and every five years thereafter, employees may take an additional five-week vacation—a total of 10 weeks.

Another option is part-time employment. While some companies make it possible, on either a formal or informal basis, for former employees to return to work after retirement, this does not appear to be a widespread practice. Some of the human-resource specialists report a reluctance among retirees to seek out part-time working arrangements. They suggest that persons whom they surveyed or wished to recruit had found other pursuits, did not require the added income, or did not wish to jeopardize their social-security benefits. Other observers point out that surveys of older-worker attitudes have produced conflicting results, affording little guidance to employers about the need for providing jobs or the types of individuals who might want them.[11] A recent study by the National Commission for Employment Policy maintains that older workers do not choose part-time jobs because they sense little encouragement from their employers to remain on the job, see few opportunities for part-time work in their companies, and are not attracted by the low-status jobs that do exist.[12]

Like other policies, those on retirement benefits have been slow to adjust to changing family circumstances. For example, employee pensions are usually paid out as an annuity upon retirement. The Employee Retirement Income Security Act of 1974 (ERISA) requires that employee pension plans include "joint and survivor" benefits to married employees so that the joint pensioner—often specifically designated as the spouse—continues to receive income if the retiree is the first to die. Designed as a protection for nonworking wives, the employee who wishes to waive this option must specifically request doing so and (as of January, 1985) must have written permission from the spouse as well. This provision may cause problems for some still-married, but separated, female workers who wish to name their children as beneficiaries: Written consent from a long-absent husband may be very difficult to obtain.

As more women who are covered by their own employee pension plans reach retirement age, living patterns of retirees will change. Women retirees may be widowed, divorced or unmarried. If still married when they retire, they are likely to outlive their husbands. While a small number of pensions plans provide for "contingent annuitants" in the absence of spouses, other plans still need to address the changing marital characteristics of future retirees, so that unmarried employees are able to designate beneficiaries for their pension benefits when they die.

[11] "Putting Older Workers Back to Work." *Management Review*, September, 1984.

[12] Jondrow, Bechling and Marcus, 1983.

Other pension issues arise because of differences in work experiences between men and women. As an example, personnel executives note that "final pay" formulas used in determining pensions can be an advantage to women who are on reduced-hour schedules during a significant portion of their work life, but are full-time employees in later career. Many women are ineligible for pensions, however, because of the jobs they hold or the hours they work. Women are more likely to be employed in companies that, because of their size, do not offer pension protection to their workers. In addition, they are more likely to be employed part time or to have interrupted work patterns.

The Retirement Equity Act of 1984, effective January 1, 1985, is designed to address a number of perceived inequities in the pension law—changes that, the sponsors say, will make it easier for women to receive retirement benefits. Some of the provisions reflect changes in family structure and in work-family patterns. In addition to requiring the spouse's consent on joint-and-survivor pension waivers, the law now permits more extended breaks in service without loss of pension credits, and specifies that parental leaves of absence of a year or less do not count as breaks in service. The law also lowers the age at which service must be counted for vesting purposes. Additional provisions make changes in the payment of survivor benefits that are deemed more equitable to women.[13]

More Flexibility in Benefit Plans

It is estimated from survey data that private employers, on average, spend about 37 cents in benefits for every dollar paid to their workers in wages and salaries.[14] These benefits include noncash payments (in the form of social security taxes, unemployment compensation taxes, life and health insurance premiums, private pensions and the like) as well as cash payments for vacations, holidays, sick leave and other time not worked. In the early 1950's, employee benefits amounted to less than 20 percent of payroll costs. Data from national economic statistics indicate lower fringe-to-wage ratios because paid holidays and vacations are included in the wage component. But they also reflect a consistent upward movement over time in the cost of employee benefits relative to wages.

Concern about rising costs of benefit programs is prompting many companies to set ceilings on the aggregate costs of their benefit packages. At the same time, in growing recognition of work-force diversity, employers are exploring ways to restructure benefit plans so that employees can make choices that better suit their family needs and lifestyles. Such changes have produced a general movement toward more flexible forms of compensation, and include the current widespread interest in the so-called "cafeteria" benefit plans.[15] Most of the activity is focused on plans affecting salaried workers. Workers covered by collective-bargaining agreements have historically resisted modifications in current benefits that appear to be give-backs.

In addition, many companies are beginning to put a major emphasis on benefits that promote employee health, fitness and general well-being as preventive measures that may help stem the rising burden of health-care costs. One assumption underlying the growth in counseling services and wellness programs is the recognition that an employee's personal health and family life inevitably have an impact on job performance.

At the same time, many traditional employee benefits are being challenged. Advocates of women's rights, for example, contend that some traditional benefits discriminate against women. Recent efforts by these groups have succeeded in effecting changes in several major laws. Notable among them are the Pregnancy Discrimination Act of 1978 and the Retirement Equity Act of 1984, both discussed elsewhere in this report. Still unresolved is the question of eliminating gender-specific insurance rates and benefits. The Supreme Court has ruled (Arizona v. Norris, July 5, 1983) that employer-sponsored pension plans could not discriminate by sex, but the 98th Congress took no action on bills before the House and the Senate that would extend this principle to make other insurance rates gender neutral. (In addition to legislation focusing on discrimination issues, Internal Revenue Service rulings regarding flexible-benefit plans and proposed tax-reform legislation are also having an impact on employee-benefit plans. See p. 45.)

While many developments may help explain the rationale behind the flexible-benefit movement, just how many companies now offer what types of flexible compensation systems is not altogether clear. Broadly defined, "flexible compensation" may refer to any system in which employees can exercise some choice regarding their total compensation—either in the cash-to-benefit ratio, or in the type of benefit protection. While discussion in this report focuses primarily on flexible (or cafeteria) benefit plans that provide a range of choices regarding benefit options, even here definitions and counts vary widely.

A 1982 Conference Board study examined nine corporate cafeteria plans, the only ones gleaned from a survey of 672 large- and medium-sized companies.[16] (The same survey, however, indicated more widespread interest: 136 companies reported such plans were being considered, although few companies had concrete plans for their adoption.) Benefits consultants working in this field suggest that significantly larger numbers of corporations are already involved, but their estimates are not always in agreement. The range

[13] "Pension Equity Lay is Likely To Bring Some Problems, Another Push for Reform," *Daily Labor Report*, September 11, 1984.

[14] The Chamber of Commerce of the United States, 1985. Only nonexempt employees are covered in this study, except in banks and financial institutions where all nonsupervisory personnel and working supervisors, regardless of method of wage payment, are covered.

[15] Salisbury, ed., 1982.

[16] Mitchell Meyer, *Flexible Employee Benefit Plans: Companies' Experience*. The Conference Board, Report No. 831, 1983.

of figures—200 to 300-plus corporations—would suggest not only that the field is new, but that it is one in which the definitions are still being written.

Considerable interest in modifying traditional employee-benefit plans is evident among participants in the present study. Although few firms have actual experience in providing full-scale cafeteria benefits to their employees, a number of employers questioned indicate that they are committed to implementing such plans in the near future, or are actively studying the issue. The current corporate focus on salary-reduction programs and flexible spending accounts (that allow workers to use pre-tax wages to pay for certain authorized medical and personal expenses) is additional evidence pointing to a movement toward greater salary-benefit flexibility. The heightened interest in flexible benefit plans appears to have sensitized corporate managements—whether or not they are planning for cafeteria benefits—to the equity issue. One bank official, for example, observes that the bank now evaluates all new benefits on this score: If the benefit under consideration cannot be universally applied, some other one will be added so that no group of employees is singled out for special treatment.

Most current employee-benefit plans offer standard packages that favor the once-prevalent "traditional family." Health-insurance coverage, for example, is extended to the employee's dependents, as defined above, without additional cost in many large companies although the proportion of plans with fully paid dependent coverage is declining.[17] Dependent coverage is usually continued for a period of time if the employee dies while employed, and may be continued for the surviving spouse of a retiree. Joint-pensioner annuities are often available only to surviving spouses. Some retirement plans put unmarried persons at a disadvantage because pensions cannot be transferred to a designated beneficiary upon the single employee's death. And death benefits from some life-insurance policies may be restricted to spouses and unmarried children who qualify as dependents.

While such benefits are welcome protection for married couples with children, they also tend to provide a special advantage to these families. Fully paid company plans, for example, offer no trade-off opportunities to the now substantial numbers of working couples (who are likely to end up with duplicate health and life insurance), or to single persons (who may have no eligible dependents as defined by the company's plan). In addition, working couples may value life insurance for both partners less than some other benefit, such as more paid time off. Single workers, likewise, may be more interested in vacations and savings plans than in any form of insurance that assumes (and defines) dependent beneficiaries.[18]

[17] Bureau of Labor Statistics, Bulletin No. 2213, 1984.

[18] For more details relating demographic changes to employee benefits, see David E. Bloom and Michael P. Martin, "Fringe Benefits a la Carte" *American Demographics*, February, 1983.

Benefits Miscellany at IBM

Maternity benefits and leaves, child-care assistance, and various counseling services offered by companies are the ones that most frequently come to mind when definitions of family-supportive policies are being sought. But there are others. Some samples from IBM's offerings follow.

- The Thomas J. Watson Memorial Scholarship competition is open to children of all IBM regular and part-time employees, and of former employees who are retired or deceased, for undergraduate study in U.S. colleges and universities. Renewable up to four years, scholarships range from $1,000 to $6,000 annually. The amount of the scholarship—but not the eligibility to apply—is determined by financial need.
- A Fund for Community Service at IBM encourages employees to participate in local community projects by providing financial support to organizations in which employees or their spouses have a continuing involvement. Since 1983, the program also supports secondary school and college projects that benefit the community.
- A special benefit provides assistance toward certain expenses incurred for the required special care of mentally, emotionally or physically handicapped dependent children of IBM employees. This benefit (up to $50,000 per individual child) is designed to help offset special-care charges not eligible under the IBM medical plans, but is available only after assistance from federal, state or other outside sources is exhausted.

Apparent inequities in many current benefits provided by employees would seem to suggest that cafeteria-style benefits plans have appeal for both employers and employees. The company executives questioned are attracted to the idea of unbundling their sometimes cumbersome, and often costly, fixed-benefit plans, although most believe that employers should continue to provide some basic core of minimum protection for their employees. Positive comments from employers about flexible benefit plans are likely to center on the ability to meet individual needs. From the employer's perspective, advantages associated with flexible benefit plans are: (1) the opportunity to experiment with new benefit options without concern for their appeal and applicability to all employee groups; (2) the ability to create new choices on a trade-off, rather than an add-on basis, so that overall costs can be contained; and (3) a means of communicating to employees the true value of their noncash compensation. Many employers who are contemplating some form of child-care assistance, for example, believe that the cost-containing feature of a flexible benefit program provides the only way to make such a subsidy available. (See pages 44-45 for description of one company's experience with cafeteria benefits.)

Among the firms that are resisting the trend, one common theme is that the benefits currently offered are "already

Cafeteria Benefits at American Can

In 1976, American Can Company decided on a major revision in its employee benefits program. That effort came to fruition in 1978 with a pilot project involving 600 salaried employees and, a year later, with the implementation of a corporatewide flexible benefits program for the firm's entire salaried work force—8,000 at that time.

Although not the first company to implement a cafeteria-style benefits program (TRW Defense and Space Systems Group and the Educational Testing Service put plans in place in 1974), their program is regarded as the first broad application of this approach. Earlier experiences had seemed to suggest that this innovative type of plan could only be applied in certain companies that had highly educated work forces and relatively little geographic dispersion.

American Can's plan is built around a basic core of what the company considers essential protection in five benefit categories: medical, life, disability, retirement/capital accumulation (or savings) and vacation. When the changeover to the cafeteria plan occurred, the difference between the core and the previously offered coverage was made available to employees in the form of "flexible credits" to which dollar values were assigned. Until 1984, this allowance was calculated annually for each employee and, like other benefit plans, depended, in some instances, on the employee's age, dependent status, salary level, and length of service. The current formula for calculating flexible credits is a combination of a flat dollar amount, plus a percentage of the employee's salary and an adjustment for years of service.

Each year, employees review their benefits, choose how they will apply their flexible credits, and determine their payroll deductions. Certain safeguards are built into the program that are intended to avoid "adverse selection" and unwise employee choices.[1] For example, there are waiting periods for options like dental coverage where some treatments can be delayed. And employee selections are double-checked for reasonableness in relation to individual and family circumstances. Prices of the various options are also continuously reviewed, so that they remain realistic in comparison with each other. And, although new options continue to be offered, the total number of allowable credits is controlled so that the cost of the benefit package can be contained at a predetermined dollar level.

A number of benefit improvements and options have been added since the program was started. Some of the more notable include adoption coverage (added in 1982 to the core benefit package); a financial planning service (added in 1982 as a new benefit option); a day-care benefit (added in 1983 as a new benefit option); and a 401(k) salary-reduction plan (added in 1984 as a new benefit option).

It was widely assumed that individual employees, who were given the chance to exercise their preferences, would change the makeup of the company's benefit plan. This expectation was clearly borne out. In the first year of the new plan's operation, over 90 percent of the firm's employees purchased benefits with their flexible credits that differed from the original plan. A company survey revealed that close to 95 percent of the employees felt

[1] "Adverse selection" can occur when employees select benefits that they are likely to use—a practice that may produce concentrations of high-risk employees within various categories of benefit coverage. Unwise choices are those in which employees make benefit selections because of short-term advantages rather than long-term protection.

flexible," and that various options need only be more effectively marketed. One company representative questions the premise that benefit plans must always be equitable: "I think you are interested in protecting people against serious loss and injury. If that is the case, when you compare a family of four with a family of one, maybe equity is not the only value you want to consider."

Other corporations fear the burden of huge administrative costs—much of which must be borne up front—in the planning phase, in sophisticated computer equipment and programming, and in staff resources. Companies composed of diverse business entities face additional administrative expenses if they want to consolidate the plans of all their operating units. And several human-resource professionals point out that their benefit plans, already on a cost-shared basis, offer little to "play around with" should they wish to draw up a cafeteria plan to include a core of basic benefits plus some options to be "purchased" with credits.

Still other companies express reservations about the selection and use of benefits. A personnel executive in a firm that has a sizable non-English-speaking work force, for example, is worried that some employees will not be able to understand the complexities involved in selecting benefits. Other company officials say that "adverse selection" will make benefit packages cost more because user-to-nonuser ratios will be higher, and the cost of the insurance will have to be spread among the fewer persons who elect a particular kind of coverage.

The disadvantages of cafeteria benefits—especially the complexities perceived in administering them—help to explain why many companies have recently chosen to provide compensation flexibility in the form of various reimbursement accounts. These accounts, which are far easier to administer, offer tax advantages to both the employer and the employee. A number of company plans were put in place, however, without full knowledge as to how the 1978 and 1980 laws, governing Section 125 cafeteria plans and

that their new coverage was more in tune with their individual needs than under the previous plan, and well over half thought that the value of their benefits had increased since the changeover.

American Can officials note that employees, on average, tend to choose less health-care coverage—the price leader in the benefit portfolio—than the company previously provided. Instead, they use their flexible credits for more vacation or other personal types of benefits. For planning purposes, company records monitor the benefit selections according to various employee characteristics. Members of working-couple families, for example, usually select the basic medical insurance (one with high deductibles and a co-payment provision) because spouses often have health coverage through their own employers. This frees up credits for extra vacation time or larger contributions to the savings plan.

More comprehensive medical insurance, offering much lower annual deductibles, and long-term disability insurance are more likely to be selected by young employees who have children to support, while older workers, who typically prefer less disability coverage, are choosing to supplement pensions by adding to the capital-accumulation plan. American Can officials report that since less than 10 percent of the employee population elected the "cadillac" medical insurance (once considered standard for all company workers) in 1983, this option was dropped from the menu in 1984.

American Can executives agree that cost containment was a prime motivator in changing the benefits structure to a flexible system. However, this was perceived as a long-run, rather than an immediate, advantage. Company officials concede that the initial financial burden of getting the program under way was significant. When the full program started up, four new people were added to staff to meet additional administrative and data-processing needs. Designing the system was a more formidable task. It required developing a mechanism for allowing employee participation—and a computer program that could: (1) accommodate individual choices where none were previously possible; (2) be modified on an annual basis, with criteria that would be equitable both now and in the future; and (3) be applied to a large, diverse employee population, spread over a wide geographic area.

One important key to the success of the program's implementation lay in the communications effort. The corporatewide program included a newsletter that was issued every four-to-six weeks for sixteen months prior to the plan changeover, describing various aspects of the new program; a series of videotape presentations at 125 company locations; and a recording of the videotape soundtrack mailed to every employee's home so that family members could participate in the selection process. Communications are an ongoing effort: A corporate newsletter continues to analyze various features of the plan, and is a vehicle for introducing new or improved benefit options.

Human-resource executives who are responsible for the program state that start-up costs have been largely absorbed. In addition, careful pricing of benefit options encourages employees to recognize the high cost of health care: Given the choice, the company finds, many employees will forego the total security of first-dollar health-care coverage and use their credits in other ways—such as for deferred income or more vacation time. In addition, these officials say, administrative costs of "a couple of hundred thousand a year" are minimal, when matched against a program valued at a hypothetical $100 million that yields a potential $2 million in annual savings.

Section 401(k) cash or deferred profit-sharing plans, would ultimately be interpreted. It was widely assumed that the intent of Congress in passing these laws was to provide tax breaks to employers and employees by allowing use of pre-tax dollars to pay for certain benefits (typically uninsured medical bills and dependent-care assistance).

Federal Government agencies focused considerable attention on the tax status of employee benefits in 1984. A news release issued by the Internal Revenue Service in February was followed by proposed rulings in May and hearings in late July. These rulings were later clarified by the Deficit Reduction Act of 1984. Regulations to implement transition-relief provisions of the Act were issued in December. The proposals, effective January 1, 1985, make it clear that certain cafeteria plans and flexible spending accounts will lose their tax-exempt status unless modified to conform with the new regulations.

Meanwhile, the Treasury Department's tax-reform proposal was made public in late November, 1984. The department's plan would alter the tax status of a broad range of employee benefits, disallowing in particular the preferential tax treatment of various benefits within flexible and deferred compensation plans. Key members of Congress have publicly indicated, however, that congressional action on tax-reform legislation is unlikely in 1985. Benefits specialists are divided in their views as to what impact government actions (or nonaction) will have on the future growth of flexible-benefit plans.

Child-Care Assistance

Like flexible benefits, child care is a new and growing area of concern for employers. With an estimated 19 million mothers in the labor force, it is little wonder that child care has developed into one of the most widely discussed work and family issues of the 1980's.

To underscore the significance of the child-care issue at the workplace: In a typical sample of female employees,

at home, one in six will have at least one preschool-age child, and one in ten will be a single parent. An additional third of that typical sample will be made up of childless women under 35 years of age, the majority of whom will eventually bear children.

Although mothers continue to shoulder the primary responsibility for child care in most households, a small but growing number of men raise children without partners. Married or single, working parents of both sexes are inevitably affected by the accessibility, type and quality of surrogate or parental care that their children experience.

In a 1982 update on child-care arrangements of working mothers, the Census Bureau reported that somewhat over two-fifths of all women with children under five years of age have the fathers or other relatives care for their youngest children—either in the child's home or in another home.[19] Another fifth or so say they use some type of family day-care arrangements (child care by nonrelatives in a home setting), and only about one in 20 employs a babysitter or housekeeper to care for her children at home. The Census study also notes that nearly one mother in ten takes care of her youngest child while working. These mothers are typically blue-collar or service workers whose jobs are performed at home. (Child-care specialists suggest that some of these proportions may not be accurate. They point out, for example, that the family day-care system is augmented by many unlicensed day-care homes—a situation that probably encourages underreporting of their use. They also observe that mothers may be reluctant to report circumstances in which children are left to care for themselves—a negligible percentage according to the Census survey.)

Although parental and family day-care arrangements continue to be the predominant forms of child care, the Census report found that both the number and proportion of mothers choosing day-care centers or nursery schools have grown significantly in the five years since the last survey was conducted. The trend is particularly noticeable among mothers of three- and four-year olds. Women who work full time are typical users of group-care services. Use of day-care centers and nursery schools is also relatively higher among black women, women without husbands, and women who are well-educated. According to the Census Bureau, the shift away from home-care arrangements for children reflects both the declining availability of such care and a parallel growth in public awareness of the need for child-care services outside the home.

While data seem to suggest that the child-care needs of working parents are being adequately met, other elements of the study reveal problem areas. For example, nearly one woman in five is juggling multiple care arrangements for her youngest child. Such situations are most likely to occur when the mother works part time (and possibly irregular hours), or when the principal caregiver is either the father (whose own job activity may interfere) or a day-care center (where the hours may not be compatible with the mother's work schedule). Circumstances may be further complicated if the mother has more than one child who requires care or supervision. The study further suggested that more than a fifth of the mothers who are working part time would choose to work longer hours, and an even greater proportion of nonworking mothers with low incomes would seek work, if satisfactory child-care arrangements could be found at a reasonable price.

The number of employers who provide some form of child-care support to working parents remains quite small, but data from the Board's Work and Family Information Center indicate a growing interest in this area. A parallel finding is evident from a Conference Board survey of 486 human-resource executives taken in May, 1984: Only 1 percent of the respondents reported that day-care assistance attracted "major" attention in their firms during the past year, and 82 percent said that there was no corporate activity. Looking ahead over the next three years, 4 percent of the executives expect day care to be of major importance, while only 57 percent say their firms will continue to be uninvolved in these types of programs.[20]

Child-care experts estimate that, as of early 1985, approximately 1,800 employers—about one-fourth of them hospitals—are supporting some type of child-care program for employees.[21] Employer-supported child care includes a wide range of measures. Setting up an on-site day-care center is just one of the options. Others include providing various forms of financial assistance or information to working parents, or working collaboratively with other employers and/or community groups to stiumlate growth of locally based services—such as family day-care networks or programs for children with special needs.

It would appear from the evidence to date that child-care centers operated or sponsored by a single company are the least likely form of employer response. Altogether, an estimated 120 corporations currently operate child care centers on site, or provide the principal support for an off-site facility.[22] Many of these firms are single-site operations, or have work forces that are geographically concentrated.

Some employers are motivated to set up child-care centers because they believe it will help them to recruit and retain workers, and assume that a company-sponsored center will result in higher morale and greater productivity. The brochure for Hoffman-La Roche's child-care center describes the sponsoring company's rationale: "Although Roche has

[19] Bureau of the Census, U.S. Department of Commerce, *Child Care Arrangements of Working Mothers: June 1982.* Current Population Reports, Special Studies Series P-23, No. 129. Washington, D.C.: U.S. Government Printing Office, 1983.

[20] Wikstrom, conference remarks, 1984.

[21] Many recent studies have examined aspects of corporate support for child care. See, for example, Friedman, 1983; Sandra Burud, *Employer-Supported Child Care: Investing in Human Resources.* Boston: Auburn House, 1984; Renee Y. Magid, *Child Care Initiatives for Working Parents.* New York: American Management Associations, 1983. Estimates cited are "consensus" updates by child-care specialists.

[22] Burud, 1984. Figures are updated. See footnote 21.

conducted no study proving that less anxious parents make better employees, the company assumes that relationship holds true. It seems certain that employees who know their children are safe and well cared for at the Center will perform better during working hours." Other firms with a strong sense of social responsibility wish to enhance their public image. The vice president for community relations at Zale Corporations declares: "Our Center came about less as a response to direct employee need than because of a sensitivity in senior management toward filling a societal need. While the company's senior executives thought that a successful child-care center would benefit the employees, they also saw that it would make a statement."

Still, even firms that lean toward the day-care center approach sense that employees may be hesitant to use a company-sponsored facility at first. One West Coast official comments: "The assumption is that everyone who has a child wants to participate in a child-care center. That is not the case. Their interest will depend on other considerations—the ages of their children, the distance that they travel to work, and the quality of the service offered. What we have found is that employees would prefer to have us participate in the cost of care in another location until we can demonstrate to them that we have a quality center." Such officials emphasize that employee interest and satisfaction depend on quality. "Child care is one of the most emotionally laden services that you can provide employees. If quality care is not there to begin with, or if it deteriorates, the corporate sponsor shoulders the blame."

Apart from those who are committed to the concept, on-site (or company-sponsored off-site) child-care centers enlist mixed—and often negative—reactions from corporate executives. Only a few corporations in this study have had first-hand experience with child-care centers—either in the developmental stages or in their actual operation. Among these, two firms examined the feasibility of creating or supporting centers and later delayed action; one determined that a proposed center in one of the company's locations would have no significant effect on recruitment; one evaluated the results of a pilot study and drew negative conclusions; one had a disappointing experience in the 1960's and appears reluctant to try again. (See box on p. 48 for one company's evaluation.)

Other corporations express little interest in becoming so directly involved. Their reservations, from a business perspective, are numerous. Corporate officials frequently mention, for example, that they are not in business to provide child care. An oil company executive's views exemplify this position: "I have an uneasy feeling that when we try to give equal benefit for child care, we'll end up with a lot of benefits that don't have a natural place in the company. Once employees look to you for everything, you finally have to say: Let's just pay them for it. Let's raise their salaries so that everyone is equal. This is the great American spirit: 'Give it to me in my paycheck so that I can make my own choices.'"

Employer-Supported Child Care: A Company View

A number of companies have experimented with, or at least explored, the possibility of providing employees' children with on-site, or company-assisted off-site, child-care facilities. One company evaluation, following a disappointing experience with a company-supported facility run by an outside provider, suggests some guidelines to the firm's management for determining appropriate action in the future.

"Future action should be based on a clear understanding of management's objectives. If management decides child-care support should be purely a business decision, no program can deliver guaranteed results. Therefore, no action should be taken. If public relations is the objective, a low-cost, high-visibility program is recommended. Finally, if management feels that this is a matter of social responsibility, and the objective is to support the needs of employees, a more comprehensive program is recommended, including a voucher program, an information and referral service, financial support directed at programs for 'latchkey' children, and an audit of personnel policies."

Company representatives also underscore the issue of costs: In their view, a quality facility is likely to be very expensive to run. They worry that, unless the service is heavily subsidized, it will be out of reach of all but the more affluent employees—persons who may already have satisfactory child-care arrangements, or who are in a better position to secure them. If the company is located in a congested urban area, construction or rental costs may be very high. The corporation must also take into consideration the day-care options that are already available in the community, since an additional facility might turn out to be redundant. Finally, some business executives look upon the current demand for child-care assistance as a variable condition: A center with fixed operating costs will not have the built-in flexibility to adapt to future work-force needs.

In addition to business-related issues, human-resource officers are also conscious of the equity question. This comes up in discussions of siting for day-care centers—a major problem if the company has operations of varying sizes in many locations. "When we consider the distribution of our plants, offices and other facilities across the country, how do you deliver a service like this? how do you support it?" asks one concerned official. It is also a problem for corporate offices that are situated in downtown urban areas. Employees, who are likely to be drawn from a wide geographic area, may view commuting with young children as both undesirable and difficult. Ultimately, too, some corporate officials are concerned about designing a service to serve one employee segment while possibly ignoring special needs of other groups.

Some more promising responses of corporations vis-à-vis child care, according to participants, are: (1) to encourage development, expansion or quality improvements in

community-based child-care facilities with financial aid or in-kind support; (2) to offer financial assistance to employees to help pay for child care that they select; (3) to provide information about the nature and availability of, and referrals to, child-care services in the community; and (4) to support programs that address special problems, including infant, after-school, or sick-child care.

A number of companies, either alone or in consortium arrangements with other employers, have made deliberate efforts to support existing local facilities for child care, or to spearhead the development of new ones. Reports one corporate executive: "We hear from our employees that lack of child-care facilities, regardless of their cost, is the problem. We donate a lot of money and time of our people just to get more centers established in our area." Hewlett-Packard, Control Data, Honeywell, General Mills, and Clorox are among the companies that provide financial and/or technical assistance (in the form of business management or financial advice) to child-care centers in communities in which they operate.

Similarly, groups of employers in the Chicago area, in southern Connecticut, in the San Francisco Bay Area, and elsewhere, are joining together to identify problem areas (where resources are inadequate) in order to encourage programs that will serve concentrations of employees who have the greatest need. A West Coast human-resource officer observes: "I am convinced that major corporations, unless their work forces are centralized in one or two places that are very similar, will have to make a commitment on the issue, and then assess each of their communities to find out what is needed. Where you have a number of companies in one place, each attempting to address the same kinds of needs, the consortium approach makes a lot of sense."[23]

Some consortium arrangements include task forces organized by some corporations to deal with special child-care problems. One of these is helping to set up a model community program to provide infant and sick-child care in a major urban area. Such services, companies find, are frequently too expensive for employees or are just not available. One bank executive gives this scenario as a rationale for corporations to give financial support to such programs: "A teller in whom the bank has invested six months of training has a sick child and must stay home because no alternative care is available. She calls in sick. We pay sick pay (to the limits allowed). We hire a temporary, who has to be trained by us, to cover her window. We end up paying two salaries for lower quality work. Meanwhile, the regular employee uses up her sick leave. We begin documenting her for release and, after six or seven absences, we terminate her. Then we go out and recruit a new teller, pay for another six months of training, and repeat the cycle of absenteeism. At that rate, subsidizing professional sick-child care, even at $50 per day, doesn't seem exorbitant."

[23] For other examples of collaboration in conducting needs assessments, see Troy, 1985.

Collaboration is also a useful strategy in setting up after-school care programs, where schools and community organizations may be involved. Businesses in the Houston area, for example, help to subsidize some of the costs of community-organized early-morning and after-school programs for children so that lower-income families can participate in the programs.

An increasing number of corporations, inspired by the Economic Recovery Act of 1981 and its provision for dependent-care assistance, are offering financial aid for child care that can be considered a nontaxable benefit to the employee and a deductible expense for employers.[24] Some companies, including Chemical Bank in New York, have made such assistance available in salary-reduction plans that allow employees to take a certain portion of their salary as a nontaxable spending account to pay for certain types of benefits. (See p. 44.) Others, such as American Can, have added dependent care as a benefit option in their flexible benefit plans, and still others claim that they intend to make such an option available when they introduce a flexible-benefit system.

A third, and probably very common, type of assistance chosen by employers who are concerned about the child-care issue, is the information route. The Minneapolis-based computerized information and referral service, sponsored by Honeywell, General Mills, and other large corporations in the Twin Cities area, offers information concerning child-care resources in the Minneapolis (Hennepin County) area matched to features desired by working parents. A community resource of this type can also serve as an early-warning indicator on potential resource shortfalls: It monitors population shifts and changes in availability of services.

A more comprehensive service is provided by Steelcase Inc., a Grand Rapids, Michigan, office furniture manufacturer. The company not only counsels employees regarding child-care options and resources, but screen provider listings to make sure that only licensed or registered caregivers are recommended. Since it is largely a single-site operation, the company's child-care coordinators visit providers where employees' children are placed in order to assure continued quality care. The company also makes loans of equipment (such as cribs, high chairs, strollers and car seats) to family day-care providers.

Another employer, IBM, announced in July, 1984, the implementation of a nationwide computerized information and referral service. This service, available to IBM employees in all locations where the company has facilities, uses more than 200 community-based organizations or local consultants to provide information and guidance in the search for child care. Referrals are made only to providers who meet specific criteria.

A large number of firms offer considerably more limited

[24] Further discussions of this form of child-care assistance can be found in Dana E. Friedman, *Corporate Financial Assistance for Child Care*, The Conference Board, Research Bulletin No. 177, 1985.

information about child-care services in their communities. Listings from state agencies or other published sources, for example, are sometimes made available through personnel departments or employee-counseling services. Although companies will generally issue disclaimers about the quality of providers listed, some firms shy away from offering such "untested" information for fear their employees will infer a company endorsement.

Information can also be given through parent-education seminars. Honeywell, for example, has arranged for seminars to be conducted in several divisions of the company. One purpose of these seminars is to help parents to link up with available community resources on a variety of services that may help ease work-family conflicts, so that families can become more self-sufficient. Seminars also provide useful feedback to company officials who may not be fully aware of the work-family concerns of their employees.

Employee Counseling Services

A 1984 Conference Board survey of 486 senior human-resource officers, who were asked to identify leading issues in human-resource management, revealed that one company in five indicates employee-assistance and counseling programs (EAP's) are given major emphasis in their firms.[25] Over the next three years, close to one out of three employers expects these programs to be very important activities, while only half as many companies than at present anticipate that they will not have employee counseling services.

More than a third of the firms in an earlier Conference Board survey of personnel practices (1979) reported that counseling services were available to their employees, either managed as an in-house program in connection with their personnel or medical departments, or contracted to an outside provider.[26] About a fifth of the companies run their programs cooperatively with labor unions, and about one company in ten collaborates with another firm to provide the service.

The personnel practices survey shows that close to eight out of ten EAP's are set up to deal with alcohol and drug-abuse problems. Counseling relative to marital discord, other personal and family problems, and financial difficulties is provided by about half of the companies surveyed, and a third of the firms indicate that legal advice is offered in their service. A relatively small proportion of programs (one in five) is available to retirees or members of the employees' families. Although programs encourage employees to seek out the service on their own, most also make provision for referrals from supervisors or medical personnel for health or safety reasons, or because of poor job performance.

[25] Wikstrom, conference remarks, 1984.

[26] Gorlin, *Personnel Practices: III*, 1981.

As might be expected, the largely self-selected group of corporations in the current study indicates a much higher concentration of companies with broadly defined counseling services—those in which a wide range of problems are addressed and an extended employee population is covered. Views such as: "It's none of our business"; "The company can't be all things to all people"; "Most people tend to work out their own problems"; or, even, "We don't hire people with problems" are voiced by very few employers in this group.

Executives whose companies have initiated EAP's acknowledge that programs have been set up because of existing or emerging problems. One personnel director describes the evolution of the program in his firm this way: "Until the service was formalized, the division personnel managers were expected to handle crisis situations, although we had nurses and consulting psychiatrists to assist in making medical referrals. This ad hoc arrangement was becoming worrisome to the company. There was always the risk that someone would be assumed to have expertise when they did not. It was increasingly evident that we needed to have certified professionals available on an ongoing basis."

Corporations with EAP's may provide a limited amount of on-site or near-site counseling, or may operate strictly as a referral service. Generally speaking, several hours of counseling are provided at company expense. In most situations, though, companies will rely on professional services outside the firm for serious chemical-dependence or psychiatric problems. Treatment costs related to these problems are often covered by health insurance.

The way in which employees gain access to the service is an indicator of how seriously the company treats the confidentiality issue, how wide-ranging the problems are that the company is willing to deal with, and how available the service is to individuals outside of the immediate employee population. Many firms in the study, for example, make use of "hotlines" and other well-publicized telephone numbers. One of the oldest and most well-known of these is Control Data's EAR (Employee Advisory Resource), a program that dates from 1974 and is now administered on a regional basis. This 24-hour hotlines is accessible to all Control Data employees and their families wherever they may be, and will respond to work-related or personal problems. Its telephone counselors, who are largely involved in making referrals to local services, are also trained to deal with emergency situations. Person-to-person counseling by EAR personnel is available in the Minneapolis headquarters area, and in four regional locations. Like other Control Data programs, it is a service that is marketed to other employers.

The hotlines at Wells Fargo Bank and The Equitable Life Assurance Society are also 24-hour operations, and both have been in existence for more than five years. The Equitable "Personal Concerns" service, however, was not widely advertised to company employees until March, 1984, when an "800 line" was installed and the program was

given nationwide publicity. Many other employers make use of publicized telephone lines through which troubled employees and dependents can have confidential contact with the corporate counseling service or coordinator.

Sometimes employee-counseling programs are available only through the corporate medical department. While confidentiality is assured since the employee's problem is known only as a medical issue, it is unlikely that family members are able to take advantage of this type of service, unless the problem is affecting the employee. As one human-resource director puts it: "We don't advertise, 'If your kid has a problem, bring him in.' But if it becomes evident that that child's problem is disturbing the employee's performance on the job, we'll deal with it." Another personnel director explains that, in his firm, employee problems seen by the counseling program are typically dealt with in a family context. Commenting on that perspective, a third executive notes that family members commonly participate in substance-abuse counseling, but are less likely to be involved in other personal matters that involve the employee.

Maintaining employee privacy is perceived as a key ingredient to the success of any employee-counseling program. An executive in one West Coast firm, whose EAP program is relatively new, reports that experience with a companywide wellness campaign taught the firm some important lessons about overcoming employee skepticism and nonparticipation. Many employees feared that the medical screening procedure involved in the health promotion effort would uncover problems that would threaten their employment. The success of the program was attributed to convincing employees that the examination was designed to provide them with some benchmark information about their own health risks, and would only be used as a personal yardstick for measuring progress.

Reluctance to take advantage of a company-sponsored counseling program may also be a sign of the economic times or the organization's health. Personnel executives report that employees are less likely to air problems in an unstable work environment. In two situations, where companies are undergoing major reorganization, many jobs have been eliminated, and others are threatened. Company officials note that fewer employees are willing to complain about job-related or personal problems because they fear that, confidentiality notwithstanding, they may be viewed as less desirable workers.

The issue of when company intervention is appropriate and when it is intrusive is an area of debate among employers. One nationwide firm, that has a new counseling program under contract with an outside agency, stresses the importance of "keeping personal problems personal" by letting employees select their own counselors or doctors, and handling reimbursements through the medical department. Where to draw the line in advertising the service is a question that raises another employee-privacy issue. Companies are far from unanimous in their views about sending information home: Some companies do not want to encourage family members to take advantage of counseling programs; and some other employers do not believe they should enter their workers' homes uninvited.

The preference for confidentiality and nonintrusion are often cited as reasons for the high percentage of self-referrals in most EAP programs. Most human-resource officers agree, however, that supervisor referrals are required if health, safety or job-performance issues are at stake, and many will agree that an employee who does not follow through on the referral can be dismissed. Company programs are further reinforced, they say, by clearly defined and well-publicized corporate policies that inform employees—before the fact—how and under what circumstances the company will intervene or take disciplinary action.

Officials in companies that offer counseling services are enthusiastic about the benefits they believe such programs offer—particularly in relation to the relatively modest costs needed to run them. (See p. 21.) When asked, most of these executives can cite overall usage figures, and are aware

Outplacement: Making the Transition Easier

The 1981-1982 recession created severe unemployment problems for many workers, some of whom experienced permanent job loss from companies that were not previously known for major layoffs. Other economic and organizational changes, as well as business conditions unique to a particular company, are responsible for widespread mismatches between people and available jobs.

In this study, several company programs specifically address these uncertainties.

- Control Data's Special Workforce Action Team (SWAT) goes into action when a large-scale layoff is imminent. In an effort to extend the employment period, employees who would otherwise be placed on layoff status are offered temporary work assignments. A company counseling service also helps these people assess their skills and consider new employment options, both within and outside the company.
- Kaiser Aluminum and Chemical operated a fully staffed outplacement office in the firm's Oakland, California, headquarters during the downturn phase of the 1981-1982 recession. Outplacement consultants were available to assist in setting up job interviews, preparing resumes, and providing psychological counseling. Employees who had been terminated had office space and support services available to them during the transition.
- Wells Fargo runs job-search workshops for people whose jobs are being eliminated. An extensive effort is made to provide ample notice of reorganizations involving job loss and to match job skills both inside and outside the firm. Employees whose jobs have been eliminated are eligible to receive their full salary and benefits for specified periods of time. The duration of benefits depends on length of service with the company.

of the trends in the kinds of advice being sought. But unless an employee has been sent by a supervisor, or voluntarily offers feedback about the benefits of the assistance received, companies are unlikely to learn about progress in individual cases—or to collect many personal testimonials.

It appears that a significant number of corporations that have chosen to offer counseling services need relatively little concrete evidence to back up their justifications for continuing it. They are among the converted advocates. A sampling of comments from personnel executives provides evidence of this line of thinking.

- "An employee-assistance program is an absolutely essential function. Personal and family problems often end up back at the workplace, and troubled employees are not good performers."

—A bank on the West Coast

- "You may not know how effective the program is, but you certainly know when things are wrong."

—A midwestern food company

- "The cost is so minimal that whatever usage we get is worth it. This may sound a little altruistic for a company that likes to measure everything, but it's the approach we have taken."

—A West Coast pharmaceutical company

- "Our program is founded on a very definite business need. Employees with very real problems may be endangering not only themselves but others. If you can identify one person in trouble—let alone hundreds—it will pay for the entire program."

—An energy company in the Southwest

The lack of hard data to substantiate the value of an employee-assistance program rankles some human-resource professionals. Their skepticism, plus lack of interest or information on the part of top management, are major reasons why such programs are not universal. But even among the converted, there is a wide difference in perspective between the senior executive, who may regard the service as a business operation, and the program manager, who deals with individual employees as clients. Senior executives, like one vice president of employee relations, may voice complaints about the way some programs are run: "It's often difficult to get the program professionals to stand back, analyze the program, and quantify the results: What we do, how we do it, and what the trends in usage are."

Counseling programs are frequently tied in with the broader issue of promoting employee health. In addition to attacking soaring health-care costs through modifications in benefit plans, companies are also attempting to educate workers to take better care of themselves. As in the case of problem counseling, companies often view employee-health issues as family concerns. They note, for example, that it is not unusual for two-thirds of their health-insurance benefits to go to employees' dependents. For this reason, many firms encourage family members to take part in company-sponsored wellness programs.

The array of services offered by companies is extensive. Services range from modest efforts—like stop-smoking campaigns, educational seminars (on nutrition, weight reduction, stress management, and other health issues), and changes in cafeteria menus and vending-machine offerings—to more ambitious programs. These include employee health screening and health-hazard appraisals (often combined with workshops in specific risk areas), and exercise and fitness programs that may involve expensively equipped on-site gyms, exercise rooms, and recreational facilities.

Employer-sponsored health and wellness services are often extended, at least in part, to family members as well as employees. Programs that take place in off hours, or ones to which there is access from off site, are frequently designed to serve a wider community. The Equitable Life Assurance Society, for one, encourages family-member participation through its "Personal Concerns" hotline. A brochure for employees provides wallet cards for family members giving the 800 number. Access to Control Data's StayWell program is facilitated by its availability as a computer-assisted education service. And IBM's health-education programs are available to all employees, spouses, retirees, and dependent children between the ages of 13 and 22. (Courses scheduled specifically for IBM participants are paid for by the company. Individuals may also enroll in approved courses provided through community organizations on a tuition-assistance basis.)

Similarly, exercise and recreation programs offered in company gyms, running tracks, and playing fields—such as the well-equipped facilities at Kimberly-Clark Corporation—can be used by dependents and retirees at certain times and/or days that do not conflict with periods of heavy employee use. Companies that do not wish to equip their own facilities sometimes choose to sponsor memberships for employees or employee-families in local health clubs or YMCA's.

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Looking Ahead

Changes in family structure, and the shifting balance of work-family relationships, have had a significant impact on the focus and direction of corporate policy. In recent years, these demographic events have prompted employer interest in a variety of family-supportive benefits and services. Since trends in family composition and labor-force participation appear likely to continue in the near term, their effects will be even more pervasive in the years ahead. By the mid 1990's, many more business leaders will not only be members of working-couple or single-parent households, they may even be second-generation products of them. This coming generation of employers is likely to be far more sensitive to the complexities of balancing work and family responsibilities—and to believe that their business interests are well served when company policies are responsive to the personal and family needs of employees.